City of Winter Haven, Florida
A Distinctively Different City

Dedicated to enhancing the unique lifestyle of its residents

Comprehensive Annual Financial Report

For The Year Ended September 30, 2018

CITY OF WINTER HAVEN, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:

Finance Department
Calvin T. Bowen, Finance Director

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

WINTER HAVEN
The Chain of Lakes City

April 12, 2019

FINANCE DIRECTOR

To the Honorable Mayor, Members of the
City Commission and City Manager
The City of Winter Haven, Florida

The comprehensive annual financial report of the City of Winter Haven for the fiscal year ended September 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the schedule of federal financial awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

This report includes all funds of the government. The City provides a full range of services. These services include police and fire protection; sanitation services; water and sewer services; cemetery services; the construction and maintenance of streets, and infrastructure; recreational activities and cultural events. For an easy to read analysis of the City's financial activities see the Management's Discussion and Analysis which is contained in this report.

ECONOMIC CONDITION AND OUTLOOK

Winter Haven is located in central Polk County which lies in the center of the State of Florida, equidistant between the major metropolitan areas of Orlando and Tampa. The County, which encompasses the Lakeland-Winter Haven Metropolitan Statistical Area, is the ninth most populous county in the state with an estimated population of 673,028 in 2018. Polk County's population grew 1.7 percent from 2017, which matched Florida's growth rate as a whole.

General economic conditions in Polk County have mirrored the national trend of economic growth over the last few years. The unemployment rate for Winter Haven decreased from 5.6 percent in 2016, to 4.7 percent in 2017. The preliminary rate of 4.3 percent for 2018 reflects continued improvement in the area's unemployment rate. Polk County exhibits a diversified economy with service, retail trade, construction, healthcare, business and financial services, and manufacturing being the major employment sectors in the county. Significant employment also comes from the mining, tourism, and citrus industries.

City building permits issued during the 12 months between October 2017 and September 2018 authorized $230,222,661 worth of commercial and residential activity. This represents a 35.0 percent increase over the

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Phone: 863.291.5667 ♦ Fax: 863.297.3027 ♦ www.mywinterhaven.com

$170,497,987 worth of activity for the period between October 2016 and September 2017. The 35.0 percent increase from 2017 to 2018, represents continued moderate growth when compared to the growth rate of 17.4 percent observed between 2016 and 2017. As evidenced by these numbers, growth in construction activity remains strong.

Winter Haven's estimated population for 2018 was 42,828. This represents an increase of 1,694 persons or 4.1 percent over 2017, and a 26.4 percent increase since 2010. There have been 3,356 new housing units built in the City since 2010, including a mix of single-family homes, mobile homes, and multiple family units.

The outlook for Winter Haven remains positive for the remainder of the decade, for both physical and economic growth. The Southeast and Lucerne Park areas contain a significant amount of undeveloped land, serviceable by City water and sewer utilities. In the last ten years, the City has annexed 1.1 square miles into the City limits of Winter Haven. This represents an increase in the City's area by 2.8 percent. Additionally, developers continue to show interest in the City's downtown. Within the past two years several new commercial and multi-family projects have been permitted within the downtown and surrounding areas. In total, 79 new housing units have been completed in or near downtown since 2014.

The economy is expected to experience moderate growth in 2019, as many of the large economic developments initiated in the last few years continue to grow. New growth is expected in the multi-family housing, service, wholesale/retail trade, hospitality, and warehousing and distribution sectors. With the continued success of Legoland Florida, and expansion of the CSX Rail Terminal, the area will likely see increased growth for the remainder of the decade. Locational factors, and active local economic development efforts, are the basis of the outlook.

MAJOR INITIATIVES

Chain of Lakes Field House

In 2016 Envisors (Pennoni) was given a $275,000 contract plus $13,200 expenses for study and design of the Chain of Lakes site for the construction of a Field House and Convention Center. The Contract was completed in FY 2017 with expenditure of the $288,200 by Envisors plus travel expense for staff to travel to various sites with similar facilities. In May 2017 the Tourist Development Council donated $1.0 million to the design costs of the facility due to an Orlando Magic basketball farm team being scheduled to use the building as a practice facility. A $25.0 million bond was issued to CenterState Bank in August 2017 to acquire funding for the project. Polk County, via an interlocal agreement, will pay the annual debt service on $10 million of the $25 million bond. The bond was structured as a draw loan in FY 2018 with the undrawn proceeds to be deposited on October 1, 2018. In FY 2017 $100,000 was drawn to activate the loan. In FY 2018 the City Commission approved an agreement with Straughn, Trout to provide architectural services at a price of $1,775,000. Rodda Construction, Inc. and Everett Whitehead and Sons, Inc. were selected to work in concert with Straughn Trout via a Construction Management at Risk contract. Subsequent to year-end the City Commission approved a guaranteed maximum price contract in the amount of $19,405,000. This contract included a majority of work excluding the HVAC system and some of the plumbing and electrical work. The City Commission approved an internal loan from the Water and Sewer Fund in the amount of $1,220,000 to retrofit the existing buildings HVAC system and other upgrades. The funds will be borrowed for a ten year period at a rate of 3 ½%.

Fiber Along Highway 27:

On January 8, 2018 the City Commission approved a contract with Precision Contracting, a FDOT subcontractor, to install fiber conduit along Highway 27 as follows:

1. US 27 from State Road 544 to Dunson Road ($465,000).

2. US 27 from State Road 544 to Eagle Ridge Mall ($342,350).

3. US 27 along Lucerne Loop Road to Downtown Winter Haven ($576,300).

The contract price was $1,383,650, with $786,516 having been paid in FY 2018.

Polk Regional Water Cooperative Water Projects

June 25, 2018: The City Commission approved Resolution R-18-25. The Polk Regional Water Cooperative (PRWC) has identified water supply projects with an approximate cost of $22,906,000. SWFWMD has agreed to fund 50% of the cost leaving $11,453,000 to be funded by members. The City of Winter Haven's share is estimated to be $1,095,827. The City may participate in a SRF loan with an estimated first semiannual payment of $64,764 due June 15, 2024 or pay the obligation with cash. Resolution R-18-25 is a Guaranty Agreement as security for the SRF loan. The Guaranty Agreement provides a junior lien on City enterprise fund revenues.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting records are complete to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Budgeting Controls

In addition to the accounting internal control structure, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, three capital project funds and eight of the nine special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is on the departmental level and is reported by function and activity within an individual fund.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen, CPA's L.L.P. has fulfilled this role.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the government, preparation of this report would not have been made possible.

Sincerely,

Calvin T. Bowen
Financial Services Department Director

ORGANIZATIONAL CHART

CITY OF WINTER HAVEN ORGANIZATIONAL CHART 2017/2018

CITIZENS OF WINTER HAVEN

CITY COMMISSION
Brad Dantzler, Mayor; Nat Birdsong, Mayor Pro Tem;
Pete Chichetto, Commissioner; William Twyford, Commissioner; James "JP" Powell, Commissioner

CITY ATTORNEY
John Murphy, City Attorney
(Legal Services contractually provided)

CITY MANAGER
Mike Herr, City Manager
T. Michael Stavres, Asst. City Manager

CITY CLERK
Vanessa Castillo, City Clerk
Joy Townsend, Deputy City Clerk / Records Manager

ASSISTANT TO THE CITY MANAGER
Donna Sheehan, Director of Communications
Communications/ Marketing;
Public Information; Board/Agency/Community Liaison; Legislative Affairs

FINANCIAL SERVICES
Calvin T. Bowen, Department Director
Accounting; Payroll;
Purchasing; Courier / Mail Service;
Risk–Contract Management;
Internal Audit

GROWTH MANAGEMENT
Merle Bishop, Department Director
Engineering; Planning;
Building/Permitting; Airport;
Downtown & Florence Villa CRAs;
CDBG/SHIP

PARKS, RECREATION, & CULTURE
Travis Edwards, Department Director
Library; Recreation;
Parks, Grounds, & Cemeteries;
Athletics;
Facility Maintenance

EXECUTIVE SERVICES
Michele Stayner, Department Director
Human Resources;
Organizational Effectiveness;
Safety, Health, & Wellness;
Special Assignments

PUBLIC WORKS
M. J. Carnevale, Department Director
Natural Resources;
Streets & Drainage;
Solid Waste;
Fleet Maintenance

TECHNOLOGY SERVICES
Hiep Nguyen, Department Director
Information Technology;
Dark Fiber Enterprise;
Internal/External Web Site Development;
GIS

UTILITY SERVICES
Gary Hubbard, Department Director
Administration; Asset Management; Utility Account Services/Payment Services; Field Services; Water Production & Distribution; Wastewater Operation & Maintenance

PUBLIC SAFETY SERVICES
Charlie Bird, Public Safety Director

Fire Administration
Fire Emergency Services
Fire Prevention & Education
Fire Emergency Management

Police Administration;
Police Support & Community Services
Law Enforcement Operations
Code Compliance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winter Haven

Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF WINTER HAVEN, FLORIDA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE
IN FINANCIAL REPORTING (CONTINUED)
SEPTEMBER 30, 2018

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winter Haven, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

CITY OF WINTER HAVEN, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2018

Mayor

Bradley T. Dantzler

Commissioners

Nathaniel J. Birdsong Jr.

Peter M. Chichetto

William J. Twyford

James H. Powell

City Manager

Mike Herr

City Clerk

Vanessa Castillo

City Attorney

Frederick J. Murphy, Jr.

City Auditors

CliftonLarsonAllen LLP

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winter Haven, Florida (City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Community Redevelopment Agency Fund, and Airport Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year ended September 30, 2018, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle (see Note 18). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 29 and information on pension plans and other postemployment benefits on pages 118 through 131 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Winter Haven, Florida
April 12, 2019

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

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Transmittal Letter, and the City's financial statements and auditor's report.

Financial Highlights

- The assets and deferred outflows of the City of Winter Haven exceeded its liabilities and deferred inflows at September 30, 2018 by $101,083,798 (net position). Of this amount, $15,515,852 (unrestricted net position) may be used to meet the City's ongoing obligations.

- The City's total net position increased $18,791,877 during the year.

- As of September 30, 2018, the City of Winter Haven's governmental funds reported combined ending fund balances of $29,141,456.

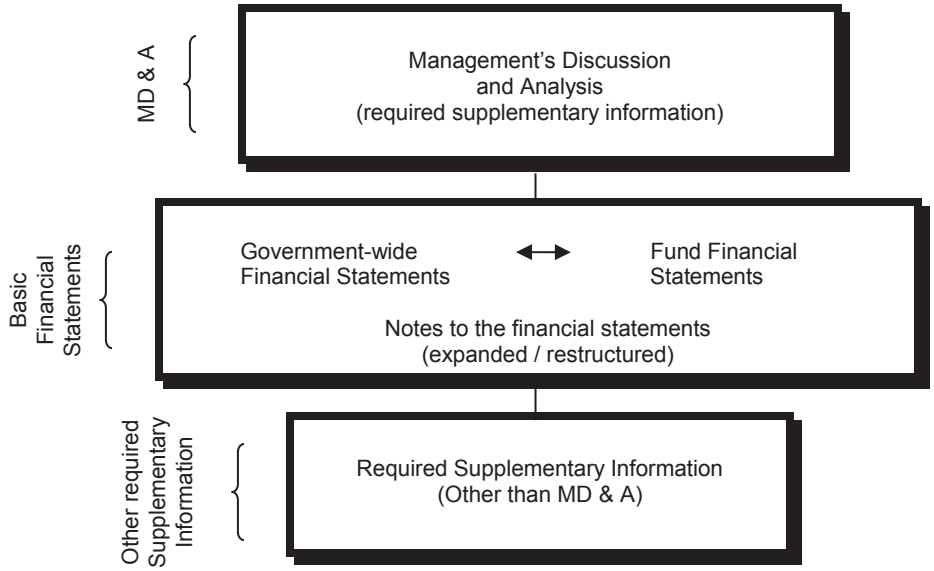
- Four of the five business-type funds had positive changes to net position for the year. The Water and Sewer Fund operated with an increase in net position of $8,224,851.

- Implementation of GASB 75 resulted in a $9,295,525 prior period adjustment in the Governmental activities and $4,665,571 in the Business-Type activities.

UNDERSTANDING THE BASIC FINANCIAL STATEMENTS

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The Statement of Net Position and Statement of Activities seek to give the user a combined overview of the City's financial position; eliminates interfund activities, and "other people's money", such as pension funds, which can mislead users when incorporated in a combined manner.

The financial statements use accrual accounting (which focuses on economic resources) in the government wide statements, while maintaining modified accrual accounting (which focuses on current financial resources-budget resources) for governmental activities at the individual fund level. The impact of long-term financial decisions can be more appropriately matched to the period in which the expense or revenue is more properly attributed. A fairer presentation is achieved and the impacts of long-term decisions are promptly recorded as the transactions occur, as opposed to the traditional method of recording transactions when the bill is paid. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are presented in the following graph.



Government-wide Financial Statements

The government-wide financial statements (pages 30-32) consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, public safety, transportation, economic development, human services, and culture and recreation. The business-type activities of the City consist of the water and sewer utility services, solid waste services, a stormwater utility, a golf course, and a Dark Fiber Fund. All information is presented utilizing the economic resource measurement focus and accrual basis of accounting. This method best matches revenues and expenses to the period in which the revenue is earned and the expense attributed. Fiduciary funds, such as pension trust funds, are excluded from the Government-wide Financial Statements as they represent money and funds legally set aside for use by the employee groups they benefit. Florida law requires municipalities to fund pension plans on an actuarially sound basis; therefore, it is important for the user to study the Fund Financial Statements as well as the footnotes and statistical sections of this report.

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

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

Fund Financial Statements

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

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

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 activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation (pages 33 and 35) to facilitate this comparison between governmental funds and governmental activities.

The City maintains four separate governmental funds classified as major funds: the General Fund, the 2015 Construction Fund, The Community Redevelopment Agency and the Airport Fund. Twelve other funds are reported collectively as non-major funds. Information is presented separately for each major fund in the governmental fund Balance Sheet and the governmental fund Statement of Revenue, Expenditures and Change in Fund Balances.

The City adopts an annual appropriated budget each year in September. Budgetary comparison statements have been provided to demonstrate compliance with the budget (pages 37-39 and 138-147).

The Governmental Funds financial statements presentation is on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

Proprietary Funds. The City maintains five enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses an enterprise fund to account for the services detailed in the Government-wide Financial Statement section of this letter under business-type activities. The proprietary fund financial statements can be found on pages 40-44 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support City activities. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund financial statement can be found on pages 45 and 46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 47-117 of this report.

Infrastructure assets. The City implemented for the first time in FY 2007 the infrastructure portion related to general governmental activities. Historically, a government's largest group of assets (infrastructure-roads, bridges, traffic signals and underground pipes not associated with a utility, etc.) have not been reported nor depreciated in governmental financial statements. The current standard requires that these assets be valued and reported within the governmental column of the government-wide statement. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management system or the modified approach, which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City of Winter Haven has elected to depreciate its infrastructure assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $101.1 million.

The following table reflects the condensed Statement of Net Position for the current year and the previous year. For more detailed information see the Statement of Net Position on page 30.

Statement of Net Position (Summary)
As of September 30, 2018

	Governmental Activities*		Business-Type Activities*		Totals*	
	2017	2018	2017	2018	2017	2018
Assets:						
Current and Other Assets	$ 44.1	$ 39.4	$ 60.1	$ 62.8	$ 104.2	$ 102.2
Capital Assets	61.3	74.7	62.2	68.0	123.5	142.7
Total Assets	105.4	114.1	122.3	130.8	227.7	244.9
Deferred Outflows of Resources	5.2	3.4	2.3	1.6	7.5	5.0
Liabilities:						
Short-Term Liabilities	7.6	9.6	9.5	8.9	17.1	18.5
Long-Term Liabilities	59.9	62.6	58.6	60.4	118.5	123.0
Total Liabilities	67.5	72.2	68.1	69.3	135.6	141.5
Deferred Inflows of Resources	2.8	5.6	0.5	1.7	3.3	7.3
Net Position:						
Net Investment in Capital Assets	37.5	43.9	14.7	20.7	52.2	64.6
Restricted	4.6	6.1	18.1	14.8	22.7	20.9
Unrestricted	(1.8)	(10.3)	23.2	25.9	21.4	15.6
Total Net Position	$ 40.3	$ 39.7	$ 56.0	$ 61.4	$ 96.3	$ 101.1

* in million dollars

The largest portion of the City's net position (63.9%) reflects the investment in capital assets (land, buildings, machinery, equipment) net of any debt used to acquire the assets. Approximately 20.7% of the City's net position represents resources which are subject to external restrictions on how they can be used. These assets are used to provide services to citizens and are therefore not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance $15.6 million, is available to meet the City's on-going obligations to citizens and creditors.

At September 30, 2018, the City is able to report positive balances in all three categories of net position for the City as a whole and for the business activities.

Statement of Activities. Net position of the City represents the difference between Assets and Liabilities of the City using the economic resources measurement focus and accrual basis of accounting. The City has in place many charges that are designed to recover in part or in whole the cost of providing services. Governmental activities increased the City's net position by $8,739,158 and business activities increased net position by $10,052,719. The following table reflects the condensed Statement of Activities for the current and prior year. For more detailed information see the Statement of Activities on pages 31-32.

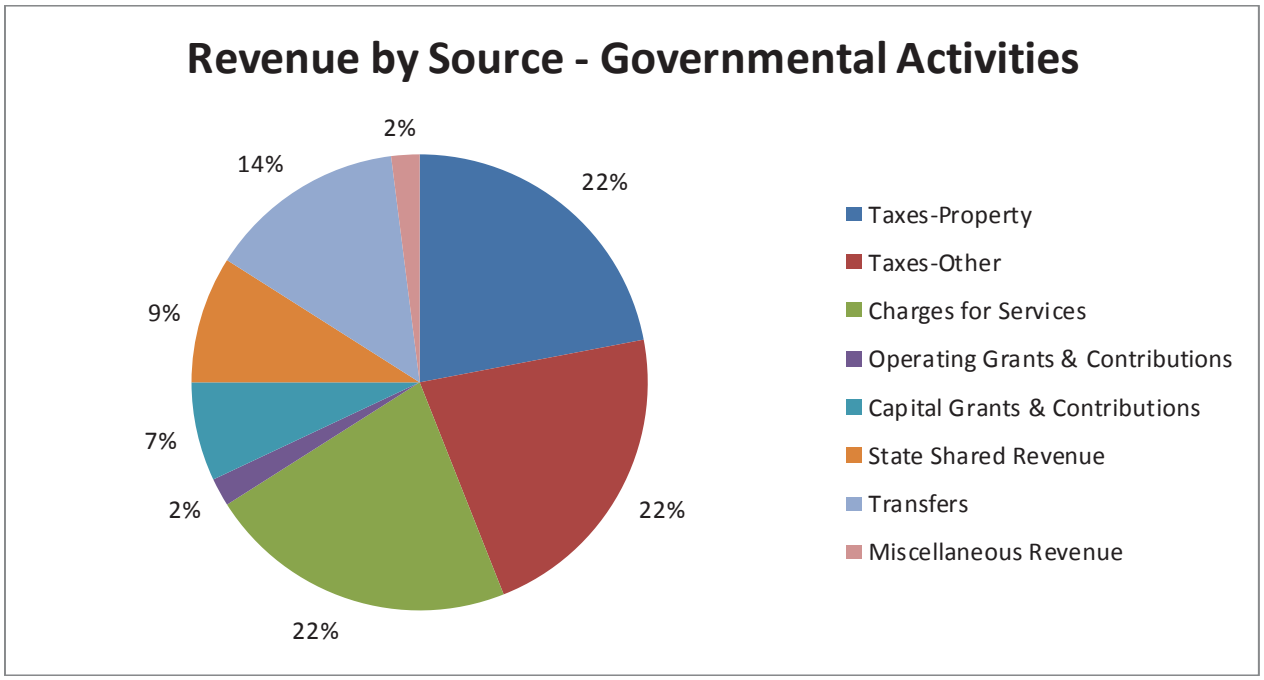
Statement of Activities (Summary)
As of September 30, 2018

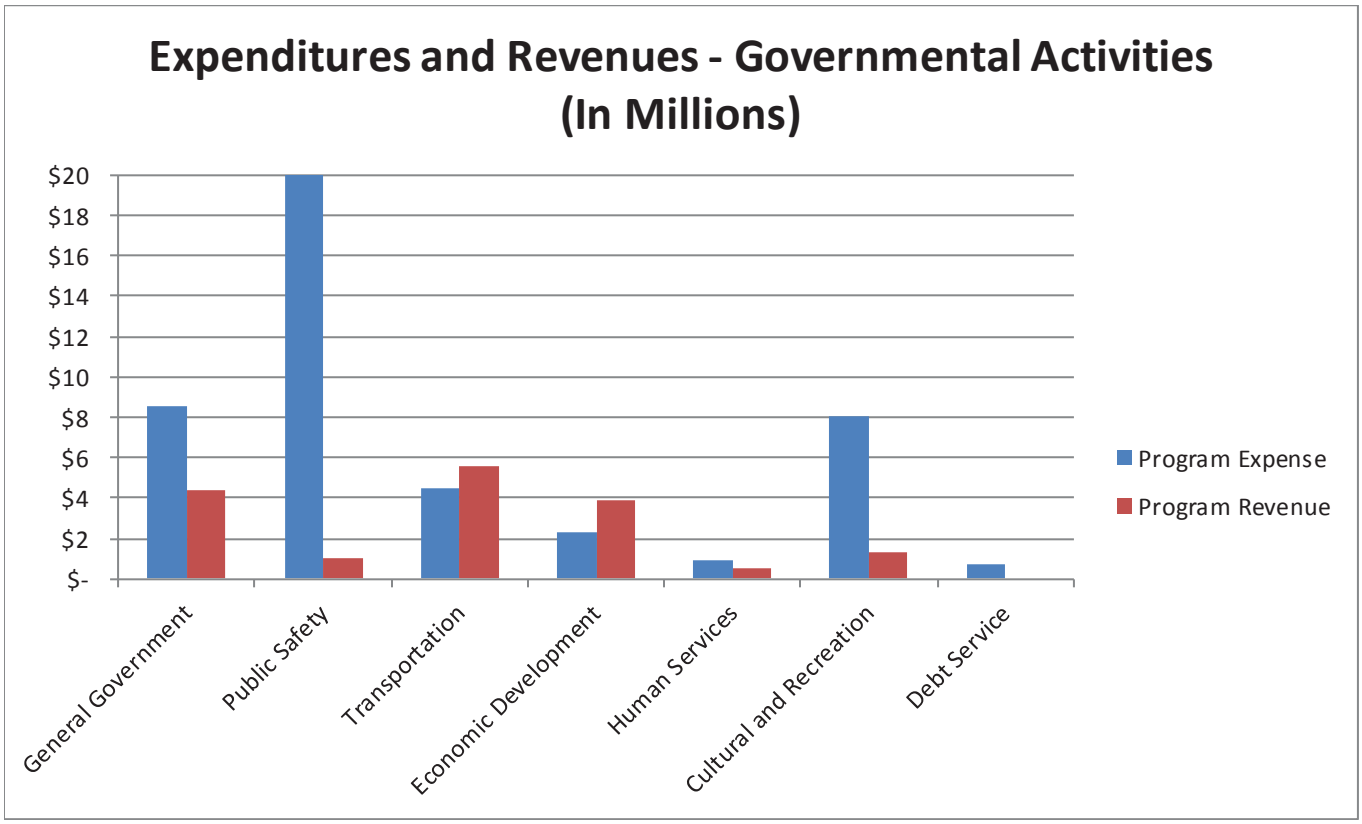
	Governmental Activities*		Business-Type Activities*		Totals*	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program Revenues:						
Charges for Services	$ 11.0	$ 12.0	$ 43.1	$ 43.7	$ 54.1	$ 55.7
Operating Grants and Contributions	2.1	0.9	-	-	2.1	0.9
Capital Grants and Contributions	1.8	3.8	0.6	3.2	2.4	7.0
General Revenues:						
Property Taxes	11.5	12.8	-	-	11.5	12.8
Franchise/Public Service Tax	9.7	10.1	-	-	9.7	10.1
Other	7.3	8.1	0.6	1.2	7.9	9.3
Total Revenues	43.4	47.7	44.3	48.1	87.7	95.8
Expenses:						
General Government	10.1	8.6	-	-	10.1	8.6
Public Safety	19.1	21.5	-	-	19.1	21.5
Transportation	3.6	4.5	-	-	3.6	4.5
Economic Environment	1.8	2.3	-	-	1.8	2.3
Human Services	0.7	0.9	-	-	0.7	0.9
Culture and Recreation	7.0	8.1	-	-	7.0	8.1
Debt Service	0.7	0.7	-	-	0.7	0.7
Water and Sewer	-	-	20.4	22.8	20.4	22.8
Solid Waste	-	-	5.1	4.9	5.1	4.9
Willowbrook Golf Course	-	-	1.0	1.3	1.0	1.3
Stormwater	-	-	1.4	1.4	1.4	1.4
Dark Fiber	-	-	-	0.1	-	0.1
Total Expenses	43.0	46.6	27.9	30.4	70.9	77.0
Increase (Decrease) in Net Position Before Transfers	0.4	1.1	16.4	17.7	16.8	18.8
Transfers	6.6	7.7	(6.6)	(7.7)	-	-
Increase (Decrease) in Net Position	7.0	8.8	9.8	10.0	16.8	18.8
Net Position-October 1	33.3	40.3	43.4	56.0	76.7	96.3
Prior Period Adjustment	-	(9.3)	2.8	(4.7)	2.8	(14.0)
Net Position-September 30	$ 40.3	$ 39.8	$ 56.0	$ 61.3	$ 96.3	$ 101.1

* in million dollars

Governmental Activities

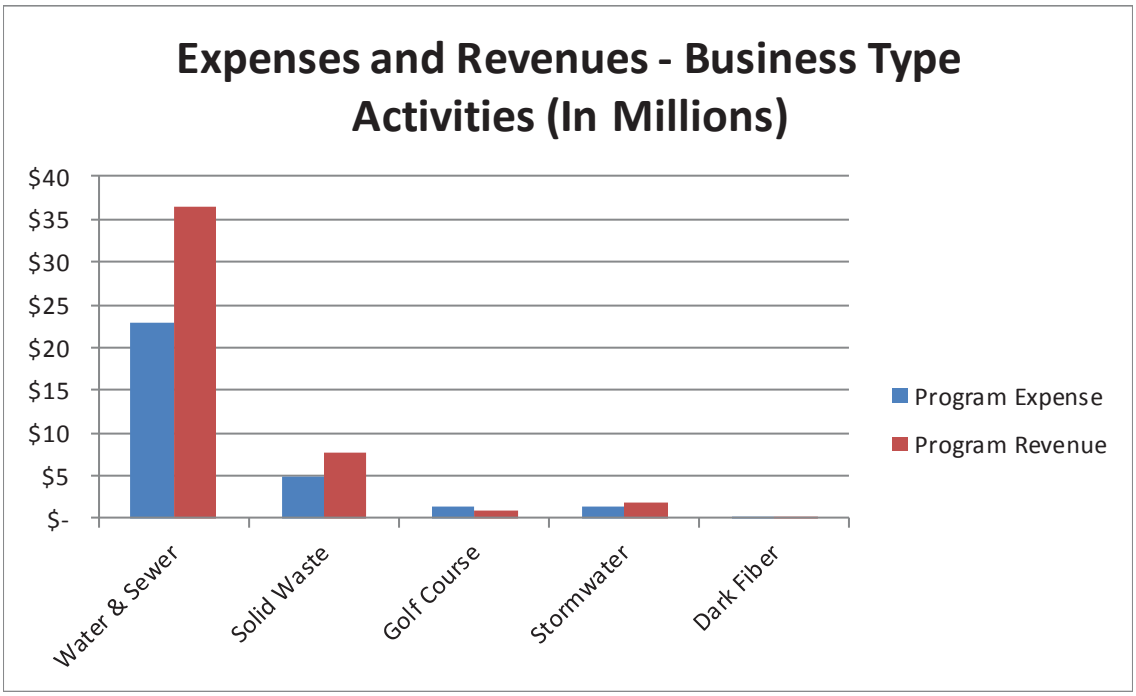
Ad valorem and other taxes make up 45% of the governmental activities' revenues. The Other Taxes category, which makes up 22% of the revenues, consists of motor fuel taxes, sales taxes and cigarette taxes. Charges for services, made up of recreation fees, library fees, sale of cemetery spaces, airport hangar rents and other miscellaneous revenues is 22% of governmental activities revenues. Governmental activities increased the City's net position by $8,739,158.

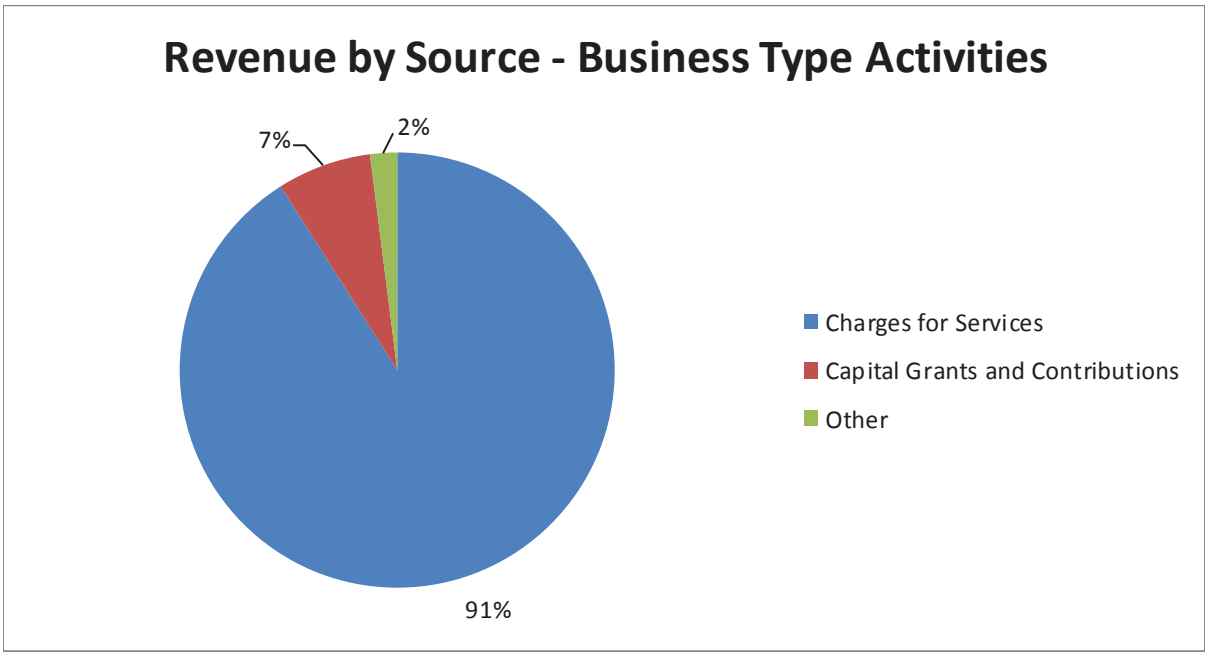

Revenue by Source - Governmental Activities
2%
14%
22%
9%
7%
2%
22%
22%
Taxes-Property
Taxes-Other
Charges for Services
Operating Grants & Contributions
Capital Grants & Contributions
State Shared Revenue
Transfers
Miscellaneous Revenue


Expenditures and Revenues - Governmental Activities
(In Millions)
$20
$18
$16
$14
$12
$10
$8
$6
$4
$2
$-
General Government
Public Safety
Transportation
Economic Development
Human Services
Cultural and Recreation
Debt Service
Program Expense
Program Revenue

Business-type activities

Business-type activities increased the City's net position by $10,052,719.





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The beginning FY 2018 General Fund Budget was balanced without the use of equity. Subsequent to October 1, 2017 a budgeted employee bonus of 1% was increased to 2% increasing the General Fund expenditure budget by $375,715. At year-end revenues exceeded budget by 1% and expenditures were 6% under budget creating a surplus of $2,447,621. An explanation of the larger than expected expenditure surplus is as follows:

A. Streets: $404,555 under budget

1) The Lake Silver Drive project was budgeted to get underway but did not, creating a savings of $187,041.
2) Employee vacant positions, Director resignation and death of an employee saved $108,141.
3) Contract Labor and electrical cost savings $82,516.

B. Debt Service: $530,602 under budget

The FY 2018 Budget anticipated a substantial draw on the $25.0 million CenterState Bank loan would be necessary to fund construction on the Chain of Lakes Fieldhouse. However, only $100,000 was drawn to activate the loan creating a debt service surplus.

C. Pension Reductions: $459,594 under budget

The FY 2018 actuarial report for the City's three pension plans indicated that overpayments were made in FY 2017 and FY 2018 payments could be reduced as follows:

General Plan	$27,235
Fire Plan	$277,303
Police Plan	$155,056

D. Fire Salaries: $263,793 under budget

The City's Fire Chief retired in May 2018 creating a salary surplus plus $75,600 was budgeted as a TRT Incentive pay in two locations in the Fire Department Budget.

The $2,447,622 FY 2018 Surplus plus $887,378 Fund Equity will be utilized thusly in FY 2019:

1. The 2018 TIP in the amount of $335,000 was deferred to 2019.
2. Construction of the new fire station on Thompson Nursery Road will cost $3.0 million.

Subsequent Event
On November 26, 2018 the City Commission agreed to a $354,000 contribution toward the Housing Authority's application to the Florida Housing Authority for $16,290,419 for the construction of a senior living facility at Lakeside Terrace Senior Apartments Phase II. If the application is selected the City will not be required to pay the $354,000 until FY 2020 at the earliest.

Available Fund Balance Calculation
The General Fund equity balance at the conclusion of FY 2018 was $14,992,884. However, not all of this balance is available for general use as there are various restrictions as detailed below:

FY 2018 Ending Fund Balance		$ 14,992,884
Less:		
Nonspendable balances:		
Prepaids	$ 324,927	
Golf Fund Loan	1,563,872	1,888,799
Restricted balances:		
Public Safety	7,496	
Environmental Awareness	200,000	207,496
Assigned balances:		
Leisure Services	12,677	
Public Safety	12,989	25,666
Unassigned FY 2018 Fund Balance		$ 12,870,923

Miscellaneous Items
January 8, 2018 the name of Avenue T NW from Hwy 17 to 11th Street was renamed Martin Luther King Blvd.

January 22, 2018 Ordinance O-18-01 added a code section dealing with the locations of medical marijuana pharmacies.

February 12, 2018 The City hired Rodda Construction as the contractor on the Chain of Lakes Field House.

February 12, 2018 was the first reading of an ordinance to annex the Vallhala Subdivision. Residents voted 40 to 5 to annex. It became effective June 8, 2018.

April 9, 2018 the City was notified that Winter Haven's population increased from 41,134 to 42,828.

May 29, 2018 an application was submitted for a $200,000 grant with the State Historic Preservation Society for repairs to the Women's Club, a building owned by the City.

May 29, 2018 the City Commission approved designating three areas in the City as Industrial Development Zones. This will enhance the opportunities for developers in these areas to utilize new market tax credits and other federal and state tax incentives. The three areas include the Winter Haven Airport, The Lucerne Park Industrial Area and the property south of Wastewater Plant No. 3.

August 27, 2018 the City Commission by a 3 – 2 vote agreed to sell the Social Security building to the 6-10 Corporation for $205,000.

September 11, 2018 a new employee position was created titled, Director of Public Safety. The position will be in charge of the Police Department, Fire Department and Code Enforcement.

September 24, 2018 the City Commission agreed to increase the ad valorem millage rate from 5.79 mills to 6.79 mills and approved a land sale policy.

The City's Community Redevelopment Agency is comprised of two Districts, the Downtown District and the Florence Villa District. FY 2018 noteworthy District events are as follows:

Downtown CRA

Development Incentives
On March 27, 2017 the City Commission approved two development agreements under this Resolution R-16-01:

1. First Street North LLC Development Agreement
   Per this agreement the City will rebate 60% of the annual tax increment actually received by the City for a 10 year period. This incentive is for the development of the new Bond Clinic building on First Street North. First Street North LLC is a division of the Six-Ten Corporation. The first payment will occur in January 2019.
2. Six-Ten LLC Development Agreement
   Six-Ten Corporation plans to build 128 market rate apartments in four locations downtown for an investment value of $21 million. They will be due a tax rebate of up to $5,000 per unit under this agreement. There will be no reimbursements in FY 2019.
3. Taylor Hotel Development Agreement
   On October 23, 2017 the City approved a development agreement with Taylor Hotel LLC. Pursuant to CRA Resolution R-16-01, Taylor Hotel is eligible for Tax Increment Financing rebates of 50% of the total amount of actual tax increment revenue received annually by the City and/or CRA as a direct result of the Project upon the Property for a maximum of 10 years or for as long as the CRA exists whichever is earlier commencing with the tax year when the improvements associated with the Project generate a tax increment, provided however that the total Tax Increment Financing rebate paid under this Agreement shall not exceed $308,001.75.
4. Dundee Self Storage
   On October 23, 2017 the City approved a Developer Agreement with Dundee Self Storage LLC. Pursuant to CRA Resolution R-16-01, Dundee Self Storage LLC is eligible for Tax Increment Financing rebates of 50% of façade improvements, not to exceed a total reimbursement of $15,000, payments of which shall not exceed 100% of the actual tax increment revenue generated from the Project on the Property annually, up to total reimbursement of $15,000 or for as long as the CRA exists whichever is earlier commencing with the tax year when the improvements associated with the Project generate a tax increment.

   Tax Increment Financing rebates are subject to appropriation and availability as determined by the CRA and/or the City and shall be limited to 10 years or the expiration of the CRA, whichever is earlier.

Social Security Building
On December 5, 2016 the 6-10 Corporation made a $10,000 down payment for the purchase of the Social Security building. The deposit was in conjunction with an amendment to the original purchase contract. The amended contract was the result of due diligence that the original plan would harm the Ritz Theater. July 24, 2017 the 6-10 Corporation again requested amendment to the contract and agreed to increase the purchase price to $200,000. The City Commission rejected the amendment. On September 27, 2017 the 6-10 Corporation withdrew their offer to purchase the building forfeiting their $10,000 deposit. The deposit was recorded as miscellaneous revenue in the Downtown CRA District Fund in FY 2017. The building was rebid in FY 2018 with the 6-10 Corporation once again being the only bidder. The sale closed on 9-27-2018 for $205,000.

Physicians Partnership
In FY 2014 the City signed an agreement with Physicians Partnership to rebate the County's tax increment on their property until $239,107 has been amortized. No payment was made in FY 2017 with $15,786 being accrued. Again in FY 2018 no payment was made, with $15,385 being accrued.

Transfer to 2015 Construction Fund
During the year $479,232 was transferred to the 2015 Construction Fund as follows:

*Design Build Skate Park	$330,000
7th Street Construction	$179,232

*An additional $300,000 budgeted in FY 2019

Florence Villa CRA

Budget
The Florence Villa CRA was budgeted to use $13,016 of fund equity but finished the year with a $63,855 surplus.

Debt Service
The Fund transferred $106,506 to the General Fund to pay 15% of the annual debt service on the 2011 Sales Tax Bond issue.

Tax Increment Calculation

FY 2018 Property Values

	Downtown District	Florence Villa District
FY 2018 Valuation	$295,288,121	$59,794,463
1999 Base Line	171,310,567	39,596,809
Tax Increment	$ 123,977,554	$20,197,654
Statute Reduction	95%	95%
County Millage	6.7815	6.7815
City Millage	5.7900	5.7900
Proceeds from County	$798,716	$130,122
Proceeds from City	$681,939	$111,097

Airport Fund

The Airport Fund was a major fund in FY 2018 with a number of significant projects:

Taxiways Echo (E) and Foxtrot (F) Construction
This project, constructed by Tucker Paving and designed by Avcon was completed in FY 2018. Project detail is as follows:

	Groth	Avcon	Tucker	Total Payments	FAA Revenue	FDOT Revenue
Prior Yrs.	$5,500	$314,907	$603,993	$924,400	$277,708	$8,589
FY 2018	-0-	200,357	3,427,581	3,627,938	*3,819,396	*212,189
Total	$5,500	$515,264	$4,031,574	$4,552,338	$4,097,104	$220,778

*accrued $1,910,089 FAA $106,116 FDOT

Access Road
On April 23, 2018 the City Commission approved a JPA with FDOT for the design of a new road accessing Jack Brown's Sea Plane Base. FAA is requiring the existing road be moved because the current road is in the landing threshold of runway 1129. FDOT will pay 80% of the $73,614 design cost via grant number FM 441890-1-94-01. FDOT has submitted a second JPA for construction of the road with an estimated cost of $327,070. However, at year-end the Airport Manager had not submitted the construction JPA for City Commission approval because he thinks the construction costs will exceed the estimate due to crossing wetlands. Avcon will design the road at a cost of $93,400. At year-end one payment had been made in the amount of $48,569. No revenue was accrued on this project at year-end.

Runway 1129
On August 27, 2018 the City Commission approved a grant with FAA for the design and construction of runway 1129. The total cost is estimated to be $2,630,000. Hansen Engineering was selected to design the project at a cost of $348,946. At FY 2018 year-end $267,557 had been paid to Hansen with $12,964 being received from FDOT. At year-end $240,801 revenue from FAA was not accrued. This project incorporates the Airfield Lighting and Signage project and grant approved in August 2017 by the City Commission.

Obstruction and Clearing Project
Avcon was given a $111,370 design contract. At FY 2018 year-end $55,685 had been paid on the contract with $1,253 recognized revenue from FDOT (5% participation) in 2017. The Airport Manager indicated that FAA's maximum participation is $39,951. This amount was not accrued at year-end.

Jesnet Aviation LLC Land Lease
On March 26, 2018 the City Commission approved a land lease with Jesnet Aviation LLC. The owner, Rolando Ortega, will build a 3,000 sq ft hangar for aircraft storage. The value of the hangar is estimated to be $250,000. The lease term is for twenty years with two five year renewal terms. The land lease will generate $299 per month and is subject to an annual CPI adjustment.

Civil Air Patrol
On August 27, 2018 the City Commission approved a sublease with the Civil Air Patrol. The space rented is located in the Police Training Center. Rent is $1 per year.

Restaurant
On September 25, 2018 the City signed a lease agreement with Santana Doak RG, LLC to operate the restaurant at the Airport. They will do business as Flightline Café and Catering. The lease term is for four years with four one year options. For the first six months the rent is $100 per month plus tax. Thereafter the rent will be the greater of $500 per month plus tax or 5% of gross monthly sales up to $49,999 and 4% of gross monthly sales over $50,000.

Subsequent Events
On October 9, 2018 the City Commission approved an 80% FDOT grant for the construction of a 10 Bay T Hangar estimated to cost $873,850. A second 80% FDOT grant was approved for the purchase of two fuel trucks at an estimated cost of $307,100.

Summary of FY 2018 Revenue

	FDOT	FAA
Runway 1129	$12,964	$ -0-
Taxiway E/F	212,189	3,819,396
Total	$225,153	$3,819,396

2015 Construction Fund

The 2015 Construction Fund Accounts for a number of projects active in FY 2018

Tennis Courts
The tennis court project was completed in FY 2018. The courts were constructed under a design build contract with Everett Whitehead. The City paid Whitehead $2,291,553 for construction and design of the facility with the City purchasing $393,952 worth of equipment and material to realize sales tax savings of $29,858. The cost of the tennis facility totaled $2,685,505. The original budget for the project was $2,500,000. During FY 2018 $213,000 was transferred from the Parks and Recreation Impact Fees to cover the budget shortfall.

Lake Maude Complex
During FY 2018 several unexpected issues arose which inflated the cost and delayed construction of the Lake Maude Project. The project was delayed due to the difficulty in obtaining a permit from the US Fish and Wildlife Commission for sand skink remediation. The City eventually settled this issue by purchasing mitigation credits from Southern Lands and Timber for $21,600. A second costly issue involved the discovery of logs buried on the site which were left over from the 2004 hurricanes which passed through Winter Haven. The site was used as a hurricane debris burn site in 2004. This resulted in a $240,578 change order to the contract with Mulligan Contractors, Inc., and resulted in the hiring of an additional engineering firm, Madrid Engineering, to assist with the remedy of the unexpected log discovery. The Solid Waste Fund transferred $238,607 to the Construction Fund to pay for the removal of the logs. Parks and Recreation Impact Fees in the amount of

$273,000 were transferred to the project in FY 2018 with another $672,993 budgeted to be transferred in FY 2019 to balance the project costs.

The project was nearing completion at FY 2018 year-end. Project costs are anticipated to be as follows:

Project costs up to FY 2017 year-end	$522,690
Project costs in FY 2018	4,727,503
Anticipated FY 2019 costs	102,946
Anticipated total project costs	$5,353,139

South Central Park

The South Central Park was designed by Envisors (now Pennoni) in 2009-2011 at a cost of $438,000. The project finally obtained funding in 2016. Envisors was paid $205,950 to update their 2009 design. Cobb Site Development was awarded the construction contract with a bid of $4,444,444 which was $1,144,444 in excess of the $3,300,000 budgeted for the project. In order to fund the shortfall monies were budgeted to be transferred from other City Funds to pay for parts of the project which normally would have been part of their responsibility. The project will be completed early in FY 2019. A dedication reopening ceremony was held on October 13, 2018.

Chain of Lakes Field House

In 2016 Envisors (Pennoni) was given a $275,000 contract plus $13,200 expenses for study and design of the Chain of Lakes site for the construction of a Field House and Convention Center. The Contract was completed in FY 2017 with expenditure of the $288,200 to Envisors plus travel expense for staff to travel to various sites with similar facilities. In May 2017 the Tourist Development Council donated $1.0 million to the design costs of the facility due to an Orlando Magic basketball farm team being scheduled to use the building as a practice facility. A $25.0 million bond was issued to CenterState Bank in August 2017 to acquire funding for the project. Polk County, via an interlocal agreement, will pay the annual debt service on $10 million of the $25 million bond. The bond was structured as a draw loan in FY 2018 with the undrawn proceeds to be deposited on October 1, 2018. In FY 2017 $100,000 was drawn to activate the loan. In FY 2018 the City Commission approved an agreement with Straughn, Trout to provide architectural services at a price of $1,775,000. Rodda Construction, Inc. and Everett Whitehead and Sons, Inc. were selected to work in concert with Straughn Trout via a Construction Management at Risk contract. Subsequent to year-end the City Commission approved a guaranteed maximum price contract in the amount of $19,405,000. This contract included a majority of work excluding the HVAC system and some of the plumbing and electrical work. The City Commission approved an internal loan from the Water and Sewer Fund in the amount of $1,220,000 to retrofit the existing buildings HVAC system and other upgrades. The funds will be borrowed for a ten year period at a rate of 3 ½%.

Fire Station

The FY 2018 Budget listed $3.0 million available for a new Fire Station in the Southeast section of the City. The Fire Station project was contingent on the price of Chain of Lakes Field House project being less than $22 million. The estimated cost of the Field House is in excess of $25.0 million making the Fire House project not feasible from debt proceeds. The Fire Station is funded in the FY 2019 Budget with General Fund equity providing the funds.

Seventh Street Project

The Seventh Street Project will completely reconstruct 7th Street SW between Lake Howard Drive and 6th Street. The project got underway at the end of FY 2018. The estimated projected cost associated with the project is as follows:

Watson Civil Construction Inc. is the project contractor	$2,661,403
CivilSurv designed the project	156,145
CivilSurv oversee and administration	106,705
Miscellaneous Costs(estimated)	2,300
Total	$2,990,993

Business-type Activities Funds
Changes in net position was positive for four of the five business-type funds.

Issues of Note from the Solid Waste Fund are as Follows:
The Solid Waste Fund operated with a gain on the cash basis of $789,660 and an increase of $1,318,587 million on the GAAP basis.

Two Year History of Solid Waste Accounts:

	FY 2018 Accounts	FY 2017 Accounts	Increase (Decrease)	% Change
Residential	15,993	14,566	1,427	9.80%
Commercial	1,849	1,860	-11	-0.59%
Municipal	65	66	-1	-1.52%
Total	17,907	16,492	1,415	8.58%

Recycling Changes
On August 13, 2018 the City Commission approved an amendment to the recycling agreement with Advanced Disposal Services Inc. Due to China substantially reducing the quantity of recyclable materials they import, the market for recyclables has reduced significantly. Effective October 1, 2019 the rate will further increase to $3.94 per month.

Lake Maude Transfer
During the year $238,607 was transferred to the 2015 Construction Funds to pay for the disposal of buried debris left over from the 2004 Hurricanes. See the 2015 Fund Narrative for further information.

Issues of Note from the Water and Sewer Fund are as follows:

The Water and Sewer Fund operated with a $8,224,851 increase on the GAAP basis of accounting and at a $299,035 loss on the Budget/Cash basis. At year-end the Fund had $51,509,077 in Net Positions.

A five year comparison of pertinent water and sewer statistics is as follows:

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Water Accounts	32,734	33,669	34,424	35,691	36,783
Sewer Accounts	20,443	21,028	21,513	22,404	23,150
Gallons Water Billed	2,852 m	2,914 m	2,868 m	3,240 m	3,194 m
Consumption Per Customer	87,128 g	86,554 g	83,325 g	90,779 g	86,826 g
Rainfall (from Plant #3)	51.35 in	57.95 in	52.86 in	47.70 in	54.86 in

Developer Agreements
At September 30 the only open developer agreement was with John Wood. The John Wood prepaids were part of the purchase of the Garden Grove Utility System. A detail of the agreement is as follows:

	Original Balance	Balance at 9-30-18
**John Wood-Prepaid Connections	1,050 prepaids	660 prepaids

**The value of these prepaids is between $2,747,632 and $3,434,872.

Developer Contributions

	Total	Water	Sewer	Reuse
Lake Lucerne Phase 4	$314,119.17	$125,183.75	$109,521.68	$79,413.74
Lakeside Landings Phase 3	270,800.00	270,800.00	-0-	-0-
Lake Ashton West Phase 2	375,970.00	-0-	375,970.00	-0-
County Walk Phase 1	507,219.00	165,171.00	255,948.00	86,100.00
Traditions Townhomes WW	64,269.53	-0-	64,269.53	-0-
Traditions Townhomes Water	192,142.00	192,142.00	-0-	-0-
Lucerne Mobile Home Park	6,060.00	6,060.00	-0-	-0-
Lake Lucerne Phase 1	1,094,481.20	229,915.00	864,566.20	-0-
Normandy Heights Phase 2A	284,663.52	153,036.38	131,627.14	-0-
Total	$3,109,724.42	$1,142,308.13	$1,801,902.55	$165,513.74

Other Items:

March 26, 2018: the City Commission approved an agreement for water interconnect between the City, Auburndale and the County. The estimated cost is $291,949 with each entity paying one-third.

March 30, 2018: $2,951,627 was wired to FDOT as a deposit for the costs of moving City utilities on State Road 542.

June 25, 2018: The City Commission approved Resolution R-18-25. The Polk Regional Water Cooperative (PRWC) has identified water supply projects with an approximate cost of $22,906,000. SWFWMD has agreed to fund 50% of the cost leaving $11,453,000 to be funded by members. The City of Winter Haven's share is estimated to be $1,095,827. The City may participate in a SRF loan with an estimated first semiannual payment of $64,763.86 due June 15, 2024 or pay the obligation with cash. Resolution R-18-25 is a Guaranty Agreement as security for the SRF loan. The Guaranty Agreement provides a junior lien on City enterprise fund revenues.

July 9, 2018: The City Commission approved an agreement with the Vallhala HOA for the City to upgrade the existing water lines, add water meters, add a lift station and upgrade wastewater lines at an estimated cost of $122,596. The HOA provided a 25ft. easement and paid the City $30,000. Each of the 30 homeowners agreed to pay $1,665 impact fees, meter set and account deposit. Vallhala annexed into the City.

July 23, 2018: The City Commission approved a fifth amendment to the sewer service agreement with Wahneta Water System. The agreement calls for the City to provide sewer services with Lake Gwyn Park. Wahneta Water Systems is to pay the City $4,341 impact fees. The previous agreements are as follows:

Original-	Saddle Oaks
1st Amendment	Beach Haven Estates
2nd Amendment	Wahneta Palms
3rd Amendment	Family Dollar
4th Amendment	La Plaza Mexico

Subsequent Event

In December 2018 the City Commission voted to terminate the agreement with Service Line Warranties of America. The firm sold water and sewer line warranties to City water and sewer customers.

Fiduciary Funds

Three separate Boards administer the affairs of the City's three pension plans. Board members are elected by plan members, appointed by the City Commission or are designated by City ordinance. A detail of the service providers for the three boards and basic plan provisions is as follows:

	Police	Fire	General
Actuary	Foster & Foster	Foster & Foster	Foster & Foster
Custodian	Salem Trust	Salem Trust	Regions Trust
Investment Advisor	Dana Investment Advisor Bowen Haines Co.	ICC	ICC
Investment Monitor	AndCo	AndCo	AndCo
Attorney	Christiansen & Dehner	Klausner, Kaufman, Jensen & Levinson	Christiansen & Dehner
Administrator	Susy Pita	Susy Pita	NA
Benefit Rate per year	3.50%	3.8%	3% & 2.3%
Full vesting	10 yrs.	10 yrs.	10 yrs.
Normal Retirement Age	55 or 25 yrs svc	55 or 25 yrs svc	55 & 60 or 33 yrs svc
% Employee Contribution	8.2%	10%	7.0%
% Employer Contribution	16.52%	35.85%	34.13%
Active Plan Participants 10-1-17	82	62	248
DROP Participants 10-1-17	2	5	42
Unfunded Actuarial Liability @ 10-1-17	$4,490,123	$6,108,792	$16,593,434
Funded Ratio 10-1-17	87.8%	82.9%	80.2%

A summary of the assets of each fund is as follows:

	Police	Fire	General
City's Pooled Investments	$ -	$ 16,343	$ -
Salem Trust	35,013,393	32,341,171	-
Regions Trust and American Core Realty	-	-	73,376,129
Total Assets	$ 35,013,393	$ 32,357,514	$ 73,376,129

On November 27, 2017 the City Commission approved ordinance O-17-02. The ordinance incorporated the Firefighter's "mutual consent" for the use of past and future premium tax dollars for retirement benefits. Had the City not accomplished mutual consent the "frozen dollars" would have had to be split 50/50 between the City and each individual firefighter.

The actuarial report received April 25, 2018 for each pension plan revealed the following amounts as prepaid in each plan and available for the City to use to offset future pension costs:

General Plan	$ 27,235
Fire Plan	$277,302
Police Plan	$155,055

These prepayments were taken back into the General Fund. The Police Department intends to use a portion of their prepayment for a fire suppression system in a newly constructed evidence building.

The September 30, 2018 value of other retirement plans and tax deferred savings plans was as follows:

Nationwide Retirement Solutions (457)	$ 3,633,762
ICMA-RC (457)	$ 3,342,834
ICMA-RC (401a)	$ 61,822
Director 401(a)	$ 2,339,441

Analysis of Significant General Fund Variances
There were no significant adjustments to the General Fund Budget during the year. Department Directors operated within the $41.9 million beginning allotment and returned $2.4 million of unused budget to fund equity.

Capital Assets and Debt Administered
At the end of 2018, the City had invested $142.7 million in a broad range of capital assets, including police and fire equipment, general infrastructure, buildings, recreation facilities, and water and sewer facilities and equipment. This amount represents a net increase (including additions and deductions) of $19.2 million, or over last year. For a detailed description of the City's Capital Assets see the notes to the financial statements on pages 78 and 79.

Capital Assets
(Net of depreciation, in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Change	Total % Change
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018		
Land	$ 9.0	$ 7.9	$ 5.2	$ 5.2	$ 14.2	$ 13.1	$ (1.1)	-8%
Construction in Progress	3.2	12.9	4.0	7.9	7.2	20.8	13.6	189%
Buildings and Improvements	26.5	27.1	2.6	2.4	29.1	29.5	0.4	1%
Other Improvements	18.9	22.0	48.2	49.7	67.1	71.7	4.6	7%
Equipment	3.7	4.8	2.2	2.8	5.9	7.6	1.7	29%
	$ 61.3	$ 74.7	$ 62.2	$ 68.0	$ 123.5	$ 142.7	$ 19.2	16%

* in millions of dollars

Debt Administration
During the year the City issued no additional debt nor refunded any outstanding debt. On October 1, 2018 (FY 2019) a $24,900,000 loan from CenterState Bank was deposited into the 2015 Construction Fund to finance the construction of the Chain of Lakes Field House. The loan was initiated in August 2017 and was activated with a $100,000 draw in FY 2017. No draws were made during FY 2018. Polk County will pay 40% of the debt service on the loan.

	Governmental Activities *		Business-Type Activities*		Total *	
Revenue Bonds and	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Notes Payable	$ 29.6	$ 27.8	$ 51.1	$ 49.1	$ 80.7	$ 76.9

* in millions of dollars

Detailed information on City debt can be found in the notes to the Financial Statements pages 83 to 93 titled Long Term Liabilities.

Economic Factors and Next Year's Budget and Rates

- The City of Winter Haven is the second largest city (17 cities total) in Polk County. The unemployment rate in Polk County decreased from 4.7% in 2017 to 4.3% in 2018.
- Inflationary trends have remained at relatively low during the past several years with the exception of pension costs.
- An economic forecast estimates the City's population growth to be 4.0% per year for the remainder of the decade.
- Economically driven revenues such as sales tax and gasoline taxes are forecast to increase moderately in FY 2019 as the national economy continues to grow.
- Property values are forecast to increase by 12.4% in FY 2019.

The City of Winter Haven is not a primary tourist destination but because of the City's close proximity to Disney World (40 miles) and the annexation of Legoland the City receives a spillover effect from these tourist attractions. Legoland opened in October 2011 on the site of what was once Cypress Gardens. It is estimated that after all the attractions are complete, 1000 new jobs will be created and will draw 1.5 to 2.0 million visitors per year. After eight years of operation, Legoland reported that attendance is exceeding their expectations.

The above factors were considered in preparing the FY 2019 budget.

Financial Contact
The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the City's Director of Financial Services, 551 3rd Street NW, Winter Haven, Florida 33881.

BASIC FINANCIAL STATEMENTS

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 29,994,047	$ 40,917,234	$ 70,911,281
Restricted Cash and Investments	472,026	19,486,185	19,958,211
Accounts Receivable, Net	1,446,430	4,745,416	6,191,846
Due from Other Governments	3,470,886	346,113	3,816,999
Internal Balances	3,246,585	(3,246,585)	-
Inventory	183,497	431,053	614,550
Prepaid Items	575,056	148,400	723,456
Capital Assets, Not Being Depreciated	20,733,034	13,118,085	33,851,119
Capital Assets, Being Depreciated - Net	53,929,712	54,872,375	108,802,087
Total Assets	114,051,273	130,818,276	244,869,549
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items	3,191,687	632,224	3,823,911
Deferred Charge on Debt Refunding	239,931	984,097	1,224,028
Total Deferred Outflows of Resources	3,431,618	1,616,321	5,047,939
LIABILITIES			
Accounts Payable	3,783,690	1,270,869	5,054,559
Accrued Liabilities	615,681	147,385	763,066
Claims Payable	1,748,553	-	1,748,553
Due to Other Governments	737,473	-	737,473
Accrued Interest Payable	370,052	777,392	1,147,444
Current Liabilities Payable from Restricted Assets:			
Customer Deposits	-	4,702,955	4,702,955
Unearned Revenue	79,112	-	79,112
Noncurrent Liabilities:			
Net Pension Liability	14,399,424	5,074,539	19,473,963
Total OPEB Liability	20,446,006	7,911,839	28,357,845
Due Within One Year	2,320,791	2,099,473	4,420,264
Due in More than One Year	27,711,989	47,411,903	75,123,892
Total Liabilities	72,212,771	69,396,355	141,609,126
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	3,481,305	1,007,282	4,488,587
OPEB Related Items	1,677,370	649,144	2,326,514
Deferred Charge on Debt Refunding	409,463	-	409,463
Total Deferred Inflows of Resources	5,568,138	1,656,426	7,224,564
NET POSITION			
Net Investment in Capital Assets	43,893,592	20,741,636	64,635,228
Restricted for:			
Public Safety	7,496	-	7,496
Community Redevelopment Agency	283,072	-	283,072
Environmental Awareness	200,000	-	200,000
Human Services	432,018	-	432,018
Police Training, Confiscation and Abandoned Property	130,395	-	130,395
Building Safety	2,202,267	-	2,202,267
Impact Fees	869,281	-	869,281
Debt Service	2,024,959	2,837,392	4,862,351
Renewal, Replacement, and Improvements	-	11,945,838	11,945,838
Unrestricted	(10,341,098)	25,856,950	15,515,852
Total Net Position	$ 39,701,982	$ 61,381,816	$ 101,083,798

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Primary Government:				
Governmental Activities:				
General Government	$ 8,634,562	$ 4,418,793	$ 38,730	$ -
Public Safety	21,498,700	774,986	243,609	-
Transportation	4,526,558	1,835,651	-	3,760,927
Economic Development	2,313,490	3,879,413	-	-
Human Services	851,223	289,228	211,032	-
Culture and Recreation	8,082,653	802,795	390,957	-
Debt Service:				
Interest on Long-Term Debt	681,215	-	-	-
Total Governmental Activities	46,588,401	12,000,866	884,328	3,760,927
Business-Type Activities:				
Water and Sewer	22,793,051	33,339,349	1,485	3,109,725
Solid Waste	4,896,807	7,654,920	-	-
Willowbrook Golf Course	1,285,690	783,825	-	-
Stormwater	1,436,298	1,834,696	5,133	104,478
Dark Fiber	66,913	132,996	-	-
Total Business-Type Activities	30,478,759	43,745,786	6,618	3,214,203
Total Primary Government	$ 77,067,160	$ 55,746,652	$ 890,946	$ 6,975,130

General Revenues
Taxes:
Property Taxes
Utility Taxes
Franchise Taxes
Fuel Taxes
Unrestricted State-Shared Revenues:
Sales Taxes
Cigarette Taxes
Other Taxes
Net Change in Fair Value of Investments
Gain on Sale of Capital Assets
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Position

Net Position - Beginning of Year, as Previously Reported
Prior Period Adjustment
Net Position- Beginning of Year, as Restated

Net Position, End of Year

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (4,177,039)	$ -	$ (4,177,039)
(20,480,105)	-	(20,480,105)
1,070,020	-	1,070,020
1,565,923	-	1,565,923
(350,963)	-	(350,963)
(6,888,901)	-	(6,888,901)
(681,215)	-	(681,215)
(29,942,280)	-	(29,942,280)
-	13,657,508	13,657,508
-	2,758,113	2,758,113
-	(501,865)	(501,865)
-	508,009	508,009
-	66,083	66,083
-	16,487,848	16,487,848
(29,942,280)	16,487,848	(13,454,432)
12,772,488	-	12,772,488
6,714,869	-	6,714,869
3,403,431	-	3,403,431
1,929,720	-	1,929,720
2,573,786	-	2,573,786
1,082,745	-	1,082,745
1,339,122	-	1,339,122
612,858	1,067,666	1,680,524
37,445	37,440	74,885
534,139	140,600	674,739
7,680,835	(7,680,835)	-
38,681,438	(6,435,129)	32,246,309
8,739,158	10,052,719	18,791,877
40,258,349	55,994,668	96,253,017
(9,295,525)	(4,665,571)	(13,961,096)
30,962,824	51,329,097	82,291,921
$ 39,701,982	$ 61,381,816	$ 101,083,798

CITY OF WINTER HAVEN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Community Redevelopment Agency	Airport	2015 Construction	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 9,632,396	$ 510,373	$ 500	$ 4,770,528	$ 11,099,522	$ 26,013,319
Investments - Reserved for Perpetual Care	-	-	-	-	472,026	472,026
Accounts Receivable	1,347,180	452	55,223	-	38,039	1,440,894
Due from Other Governments	1,111,797	-	2,337,759	-	21,330	3,470,886
Due from Other Funds	2,378,544	-	-	-	158,461	2,537,005
Advances to Other Funds	1,563,872	-	-	-	657,646	2,221,518
Inventory	-	-	-	-	49,361	49,361
Prepaid Items	324,927	15,773	31,292	-	11,300	383,292
Total Assets	$ 16,358,716	$ 526,598	$ 2,424,774	$ 4,770,528	$ 12,507,685	$ 36,588,301
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 505,433	$ 210,185	$ 45,883	$ 2,267,689	$ 85,146	$ 3,114,336
Accrued Liabilities	801,483	2,130	7,485	-	39,217	850,315
Due to Other Funds	-	31,211	2,305,148	-	7,697	2,344,056
Due to Other Governments	-	-	-	-	737,473	737,473
Unearned Revenue	58,916	-	20,196	-	-	79,112
Total Liabilities	1,365,832	243,526	2,378,712	2,267,689	869,533	7,125,292
Deferred Inflows of Resources:						
Unavailable Revenue	-	-	321,553	-	-	321,553
Fund Balances:						
Nonspendable	1,888,799	15,773	31,292	-	60,661	1,996,525
Restricted	207,496	267,299	-	-	6,026,834	6,501,629
Committed	-	-	-	-	500,862	500,862
Assigned	25,666	-	-	2,502,839	5,049,795	7,578,300
Unassigned	12,870,923	-	(306,783)	-	-	12,564,140
Total Fund Balances	14,992,884	283,072	(275,491)	2,502,839	11,638,152	29,141,456
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 16,358,716	$ 526,598	$ 2,424,774	$ 4,770,528	$ 12,507,685	$ 36,588,301

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	$ 29,141,456
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	74,109,568
Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	239,931
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for governmental activities bonds is included in the statement of net position.	(370,052)
The City's net pension liability and related deferred outflows and inflows of resources for governmental activities are recorded only on the Statement of Net Position.	(13,102,377)
The City's total other postemployment benefits liability and related deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	(20,196,552)
Certain liabilities including bonds payable and accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(29,525,205)
Unavailable revenue is recorded in the funds to offset receivables that do not meet the criteria for revenue recognition in the current period.	321,553
Deferred inflows of resources represent an addition of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(409,463)
Internal service funds are used by management to charge the costs of certain activities, such as employer health insurance and equipment maintenance, to individual funds.	(506,877)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 39,701,982

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Community Redevelopment Agency	Airport	2015 Construction	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 23,873,117	$ 1,721,874	$ -	$ -	$ -	$ 25,594,991
Licenses and Permits	220,086	-	-	-	-	220,086
Intergovernmental	4,446,480	-	4,044,549	-	601,989	9,093,018
Charges for Services	3,154,589	-	711,309	-	4,024,999	7,890,897
Fines and Forfeitures	278,589	-	-	-	48,485	327,074
Rents	215,246	12,456	753,358	-	153,674	1,134,734
Net Change in Fair Value of Investments	196,186	7,970	-	174,350	155,187	533,693
Contributions	-	-	-	-	7,718	7,718
Other	889,938	-	27,266	-	19,957	937,161
Total Revenues	33,274,231	1,742,300	5,536,482	174,350	5,012,009	45,739,372
EXPENDITURES						
Current:						
General Government	6,494,528	-	-	-	-	6,494,528
Public Safety	19,337,984	-	-	-	2,322,100	21,660,084
Transportation	1,836,985	-	5,565,128	-	33,520	7,435,633
Economic Development	585,009	260,173	-	-	-	845,182
Human Services	-	-	-	-	787,687	787,687
Culture and Recreation	5,444,238	-	-	-	1,707,535	7,151,773
Debt Service:						
Principal Retirement	-	-	-	-	1,805,000	1,805,000
Interest and Fiscal Charges	-	-	-	-	757,419	757,419
Other Debt Service	-	-	-	-	550	550
Capital Projects	-	-	-	12,906,201	-	12,906,201
Total Expenditures	33,698,744	260,173	5,565,128	12,906,201	7,413,811	59,844,057
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(424,513)	1,482,127	(28,646)	(12,731,851)	(2,401,802)	(14,104,685)
OTHER FINANCING SOURCES (USES)						
Sale of Assets	37,445	205,000	-	-	-	242,445
Transfers In	8,639,939	-	948,047	1,987,938	5,308,437	16,884,361
Transfers Out	(5,805,250)	(1,307,171)	(454,385)	-	(2,159,668)	(9,726,474)
Total Other Financing Sources (Uses)	2,872,134	(1,102,171)	493,662	1,987,938	3,148,769	7,400,332
NET CHANGE IN FUND BALANCES	2,447,621	379,956	465,016	(10,743,913)	746,967	(6,704,353)
Fund Balances - Beginning of Year	12,545,263	(96,884)	(740,507)	13,246,752	10,891,185	35,845,809
FUND BALANCES - END OF YEAR	$ 14,992,884	$ 283,072	$ (275,491)	$ 2,502,839	$ 11,638,152	$ 29,141,456

See accompanying Notes to Financial Statements.

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (6,704,353)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	17,925,019
Depreciation of capital assets is not a use of financial resources to governmental funds; however, it is expensed in the statement of net position.	(4,445,404)
In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the carrying value of the capital assets sold.	(205,000)
The issuance of long-term debt (e.g., bonds, note payables and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal repayments:	
Bond and note principal payments	1,805,000
The amortization of bond premium and similar items do not require the use of financial resources of the governmental funds and, therefore, are not reported as expenditures in governmental funds:	64,530
The (increase) decrease in certain accrued liabilities reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	136,239
Some revenues reported in the statement of activities will not be collected for several months after the fiscal year and, therefore, are not reported as revenue in the governmental funds.	(284,200)
Internal service funds are used by management to charge the costs of insurance and equipment and vehicle maintenance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	447,327
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 8,739,158

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 23,386,181	$ 23,386,181	$ 23,873,117	$ 486,936
Licenses and Permits	252,000	252,000	220,086	(31,914)
Intergovernmental	4,542,308	4,542,308	4,446,480	(95,828)
Charges for Services	3,170,156	3,170,156	3,154,589	(15,567)
Fines and Forfeitures	284,100	284,100	278,589	(5,511)
Rents	245,400	245,400	215,246	(30,154)
Net Change in Fair Value of Investments	124,975	124,975	196,186	71,211
Other	612,056	859,605	889,938	30,333
Total Revenues	32,617,176	32,864,725	33,274,231	409,506
EXPENDITURES				
Current:				
General Government	6,393,178	6,679,508	6,494,528	184,980
Public Safety	19,906,986	20,127,781	19,337,984	789,797
Transportation	2,228,018	2,241,538	1,836,985	404,553
Economic Development	674,267	679,583	585,009	94,574
Culture and Recreation	5,801,680	5,869,744	5,444,238	425,506
Total Expenditures	35,004,129	35,598,154	33,698,744	1,899,410
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,386,953)	(2,733,429)	(424,513)	2,308,916
OTHER FINANCING SOURCES (USES)				
Sales of Assets	53,627	53,627	37,445	(16,182)
Transfers In	8,639,939	8,639,939	8,639,939	-
Transfers Out	(6,306,613)	(6,335,852)	(5,805,250)	530,602
Total Other Financing Sources (Uses)	2,386,953	2,357,714	2,872,134	514,420
NET CHANGE IN FUND BALANCES	-	(375,715)	2,447,621	2,823,336
Fund Balances, Beginning of Year	12,545,263	12,545,263	12,545,263	-
FUND BALANCES - END OF YEAR	$ 12,545,263	$ 12,169,548	$ 14,992,884	$ 2,823,336

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT AGENCY FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 1,792,818	$ 1,792,818	$ 1,721,874	$ (70,944)
Miscellaneous:				
Rents	7,500	7,500	12,456	4,956
Net Change in Fair Value of Investments	8,180	8,180	7,970	(210)
Total Revenues	1,808,498	1,808,498	1,742,300	(66,198)
EXPENDITURES				
Current:				
Economic Development	1,262,234	1,263,098	260,173	1,002,925
Total Expenditures	1,262,234	1,263,098	260,173	1,002,925
EXCESS OF REVENUES OVER EXPENDITURES	546,264	545,400	1,482,127	936,727
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	205,000	(205,000)
Transfers Out	(827,939)	(827,939)	(1,307,171)	(479,232)
Total Other Financing Sources (Uses)	(827,939)	(827,939)	(1,102,171)	(274,232)
NET CHANGE IN FUND BALANCES	(281,675)	(282,539)	379,956	662,495
Fund Balances - Beginning of Year	(96,884)	(96,884)	(96,884)	-
FUND BALANCES - END OF YEAR	$ (378,559)	$ (379,423)	$ 283,072	$ 662,495

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AIRPORT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 3,501,679	$ 3,501,679	$ 4,044,549	$ 542,870
Charges for Services	761,000	761,000	711,309	(49,691)
Miscellaneous:				
Rents	784,977	784,977	753,358	(31,619)
Other	20,160	20,160	27,266	7,106
Total Revenues	5,067,816	5,067,816	5,536,482	468,666
EXPENDITURES				
Current:				
Transportation	5,549,918	5,655,328	5,565,128	90,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(482,102)	(587,512)	(28,646)	558,866
OTHER FINANCING SOURCES (USES)				
Transfers In	942,637	948,047	948,047	-
Transfers Out	(454,385)	(454,385)	(454,385)	-
Total Other Financing Sources	488,252	493,662	493,662	-
NET CHANGE IN FUND BALANCES	6,150	(93,850)	465,016	558,866
Fund Balances - Beginning of Year	(740,507)	(740,507)	(740,507)	-
FUND BALANCES - END OF YEAR	$ (734,357)	$ (834,357)	$ (275,491)	$ 558,866

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
CURRENT ASSETS					
Cash and Investments	$ 29,612,133	$ 3,779,236	$ 4,436,841	$ 37,828,210	$ 3,980,728
Cash With Fiscal Agent	2,951,627	-	137,397	3,089,024	-
Restricted Cash and Investments					
Customer Deposits	4,702,955	-	-	4,702,955	-
Receivables:					
Accounts	3,381,313	1,056,880	447,195	4,885,388	5,536
Less: Allowance for Doubtful Accounts	(139,972)	-	-	(139,972)	-
Due from Other Governments	-	-	346,113	346,113	-
Inventories	363,927	37,323	29,803	431,053	134,136
Prepaid Items	112,097	18,274	18,029	148,400	181,819
Total Current Assets	40,984,080	4,891,713	5,415,378	51,291,171	4,302,219
NONCURRENT ASSETS					
Restricted Cash, Cash Equivalents, and Investments:					
Bond Asset Replacement Funds	2,809,480	-	-	2,809,480	-
Construction Funds	9,136,358	-	-	9,136,358	-
Debt Service	2,837,392	-	-	2,837,392	-
Total Restricted Assets	14,783,230	-	-	14,783,230	-
Capital Assets:					
Land	2,386,290	-	2,765,930	5,152,220	-
Construction in Progress	7,921,014	-	44,851	7,965,865	-
Building	8,512,446	-	217,380	8,729,826	151,763
Improvements Other than Buildings	145,418,291	10,654	7,230,515	152,659,460	397,061
Equipment	5,410,740	4,765,062	931,284	11,107,086	2,465,410
	169,648,781	4,775,716	11,189,960	185,614,457	3,014,234
Less: Accumulated Depreciation	(108,651,559)	(3,339,522)	(5,632,916)	(117,623,997)	(2,461,056)
Net Capital Assets	60,997,222	1,436,194	5,557,044	67,990,460	553,178
Total Noncurrent Assets	75,780,452	1,436,194	5,557,044	82,773,690	553,178
Total Assets	116,764,532	6,327,907	10,972,422	134,064,861	4,855,397
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Items	477,761	109,073	45,390	632,224	184,073
Deferred Charge on Debt Refunding	984,097	-	-	984,097	-
Total Deferred Outflows of Resources	1,461,858	109,073	45,390	1,616,321	184,073

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
CURRENT LIABILITIES					
Accounts Payable	$ 891,736	$ 133,351	$ 245,782	$ 1,270,869	$ 669,354
Accrued Liabilities	111,121	27,338	8,926	147,385	49,842
Due to Other Funds	-	-	127,250	127,250	65,699
Claims Payable	-	-	-	-	1,748,553
Accrued Interest Payable	777,392	-	-	777,392	-
Current Portion of Revenue Bonds Payable	2,060,000	-	-	2,060,000	-
Current Portion of Compensated Absences	28,942	8,779	1,752	39,473	21,315
Total	3,869,191	169,468	383,710	4,422,369	2,554,763
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS					
Customer Deposits	4,702,955	-	-	4,702,955	-
Total Current Liabilities	8,572,146	169,468	383,710	9,125,324	2,554,763
LONG-TERM LIABILITIES					
Advances from Other Funds	-	-	2,221,518	2,221,518	-
Revenue Bonds Payable (Net of Unamortized Premiums)	47,056,653	-	-	47,056,653	-
Accumulated Unused Compensated Absences	260,475	79,010	15,765	355,250	191,839
Total OPEB Liability	5,759,478	1,726,993	425,368	7,911,839	1,780,873
Net Pension Liability	3,834,742	875,471	364,326	5,074,539	1,477,466
Total Long-Term Liabilities	56,911,348	2,681,474	3,026,977	62,619,799	3,450,178
Total Liabilities	65,483,494	2,850,942	3,410,687	71,745,123	6,004,941
DEFERRED INFLOWS OF RESOURCES					
Pension Related Items	761,187	173,778	72,317	1,007,282	293,272
OPEB Related Items	472,632	141,727	34,785	649,144	145,951
Total Deferred Inflows of Resources	1,233,819	315,505	107,102	1,656,426	439,223
NET POSITION					
Net Investment in Capital Assets	13,928,128	1,436,194	5,377,314	20,741,636	518,478
Restricted for:					
Revenue Bonds Debt Service	2,837,392	-	-	2,837,392	-
Renewal, Replacement and Improvements	11,945,838	-	-	11,945,838	-
Unrestricted	22,797,719	1,834,339	2,122,709	26,754,767	(1,923,172)
Total Net Position	$ 51,509,077	$ 3,270,533	$ 7,500,023	62,279,633	$ (1,404,694)

Adjustment to Reflect Consolidation of Internal Service Fund Activities Related to Enterprise Funds	(897,817)
Net Assets of Business-Type Activities	$ 61,381,816

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	$ 32,416,083	$ 7,624,382	$ 2,751,517	$ 42,791,982	$ 12,673,592
Tap Fees	598,332	-	-	598,332	-
Miscellaneous	324,934	30,538	-	355,472	221,311
Total Operating Revenues	33,339,349	7,654,920	2,751,517	43,745,786	12,894,903
OPERATING EXPENSES					
Personal Services	6,732,394	1,451,146	714,069	8,897,609	2,505,784
Material and Supplies	1,405,624	295,186	359,312	2,060,122	1,838,414
Depreciation and Amortization	4,163,733	320,360	282,738	4,766,831	145,226
Other Services and Charges	8,870,591	2,856,839	1,425,765	13,153,195	8,593,378
Total Operating Expenses	21,172,342	4,923,531	2,781,884	28,877,757	13,082,802
OPERATING INCOME (LOSS)	12,167,007	2,731,389	(30,367)	14,868,029	(187,899)
NONOPERATING REVENUES (EXPENSES)					
Operating Grants and Contributions	1,485	-	5,133	6,618	-
Net Change in Fair Value of Investments	928,552	66,365	72,749	1,067,666	79,165
Interest Expense	(1,523,629)	-	(5,071)	(1,528,700)	-
Gain (Loss) on Disposal of Assets - Net	(39,188)	37,440	-	(1,748)	-
Miscellaneous	-	-	140,600	140,600	-
Total Nonoperating Revenues (Expenses)	(632,780)	103,805	213,411	(315,564)	79,165
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	11,534,227	2,835,194	183,044	14,552,465	(108,734)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Grants and Contributions	3,109,725	-	104,478	3,214,203	-
Transfers In	-	-	379,663	379,663	522,948
Transfers Out	(6,419,101)	(1,516,607)	(124,790)	(8,060,498)	-
Total Capital Contributions and Transfers	(3,309,376)	(1,516,607)	359,351	(4,466,632)	522,948
CHANGE IN NET POSITION	8,224,851	1,318,587	542,395	10,085,833	414,214
Net Position - Beginning of Year as Previously Reported	46,655,405	3,134,563	7,069,403		(1,330,709)
Prior Period Adjustment	(3,371,179)	(1,182,617)	(111,775)		(488,199)
Net Position - Beginning of Year, as Restated	43,284,226	1,951,946	6,957,628		(1,818,908)
NET POSITION - END OF YEAR	$ 51,509,077	$ 3,270,533	$ 7,500,023		$ (1,404,694)

Some Amounts Reported for Business-Type Activities in the Statement of Activities are Different Because the Net Revenue (Expense) of Certain Internal Service Funds is Reported with Business-Type Activities.	(33,114)
Change in Net Position of Business-Type Activities	$ 10,052,719

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	$ 33,601,018	$ 7,493,209	$ 2,714,868	$ 43,809,095	$ 12,876,908
Cash Paid to Employees for Services	(5,995,168)	(1,681,432)	(494,214)	(8,170,814)	(2,477,317)
Cash Paid to Suppliers for Goods and Services	(12,166,428)	(3,123,388)	(1,858,200)	(17,148,016)	(10,618,455)
Net Cash Provided (Used) by Operating Activities	15,439,422	2,688,389	362,454	18,490,265	(218,864)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants and Contributions	1,485	-	5,133	6,618	-
Proceeds from Sale of Noncapital Equipment	-	-	140,600	140,600	-
Transfers from Other Funds	-	-	391,063	391,063	522,948
Transfers to Other Funds	(6,419,101)	(1,516,607)	(128,214)	(8,063,922)	-
Advances from Other Funds	-	-	527,925	527,925	-
Repayment of Advances From Other Funds	-	-	116,874	116,874	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(6,417,616)	(1,516,607)	1,053,381	(6,880,842)	522,948
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Grants and Contributions	3,109,725	-	-	3,109,725	-
Interest Paid	(1,473,083)	-	(5,071)	(1,478,154)	-
Acquisition and Construction of Capital Assets	(7,898,206)	(671,132)	(687,162)	(9,256,500)	(190,893)
Proceeds from Sale of Assets	39,300	37,440	-	76,740	-
Principal Payments on Long-Term Debt	(2,030,000)	-	-	(2,030,000)	-
Proceeds from Capital Debt	62,000	-	-		-
Net Cash Used by Capital and Related Financing Activities	(8,190,264)	(633,692)	(692,233)	(9,578,189)	(190,893)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Investment Income	928,552	66,365	72,749	1,067,666	79,165
Net Cash Provided by Investing Activities	928,552	66,365	72,749	1,067,666	79,165
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,760,094	604,455	796,351	3,160,900	192,356
Cash and Cash Equivalents - Beginning of Year	50,289,851	3,174,781	3,777,887	57,242,519	3,788,372
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 52,049,945	$ 3,779,236	$ 4,574,238	$ 60,403,419	$ 3,980,728

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 12,167,007	$ 2,731,389	$ (30,367)	$ 14,868,029	$ (187,899)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	4,163,733	320,360	282,738	4,766,831	145,226
(Increase) Decrease in Assets:					
Accounts Receivable	(14,436)	(161,711)	(36,649)	(212,796)	1,495
Inventories	(558)	22,613	(1,257)	20,798	(28,163)
Prepaid Items	(4,561)	3,561	2,050	1,050	30,167
Due from Other Governments	149	-	-	149	-
Deferred Outflows of Resources- Pension Related Items	385,993	148,145	20,112	554,250	206,931
Deferred Outflows of Resources- OPEB Related Items	-	-	-	-	
Increase (Decrease) in Liabilities:					
Accounts Payable	(1,885,094)	2,463	(73,916)	(1,956,547)	(188,820)
Accrued Liabilities	404	(10,276)	353	(9,519)	1,838
Unearned Revenue	-	-	-	-	(19,490)
Customer Deposits	275,956	-	-	275,956	-
Compensated Absences	(61,412)	(1,054)	2,583	(59,883)	9,142
Total OPEB Liability	(31,907)	(180,966)	76,065	(136,808)	(12,608)
Net Pension Liability	(391,628)	(383,106)	43,825	(730,909)	(435,720)
Deferred Inflows of Resources- Pension Related Items	363,144	55,244	42,132	460,520	113,086
Deferred Inflows of Resources- OPEB Related Items	472,632	141,727	34,785	649,144	145,951
Net Cash Provided (Used) by Operating Activities	$ 15,439,422	$ 2,688,389	$ 362,454	$ 18,490,265	$ (218,864)
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of Capital Assets	$ (3,109,725)	$ -	$ -	$ (3,109,725)	$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITIONS					
Cash, Investments, and Cash Equivalents	$ 29,612,133	$ 3,779,236	$ 4,436,841	$ 37,828,210	$ 3,980,728
Cash With Fiscal Agent	2,951,627	-	137,397	3,089,024	-
Restricted Assets:					
Customer Deposits	4,702,955	-	-	4,702,955	-
Bond Asset Replacement Funds	2,809,480	-	-	2,809,480	-
Construction Funds	9,136,358	-	-	9,136,358	-
Debt Service	2,837,392	-	-	2,837,392	-
Total Cash, Investments, and Cash Equivalents	$ 52,049,945	$ 3,779,236	$ 4,574,238	$ 60,403,419	$ 3,980,728

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

	Employee Retirement Funds
ASSETS	
Cash	$ 498,415
Investments:	
Short-Term Money Market Funds	5,231,290
Government Securities	11,160,087
Corporate and Other Bonds	10,973,189
Mutual Funds	8,801,823
Equity Securities	91,795,732
Miscellaneous	65,678
Real Estate Fund	11,999,014
Total Investments	140,026,813
Receivables:	
Interest and Dividends Receivable	221,808
Total Assets	140,747,036
LIABILITIES	
Accounts Payable	15,547
NET POSITION	
Net Position Restricted for Pensions	$ 140,731,489

See accompanying Notes to Financial Statements.

CITY OF WINTER HAVEN, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	$ 5,088,806
Employee	1,446,594
State	774,483
Total Contributions	7,309,883
Investment Income	12,205,975
Less: Investment Expenses	(529,809)
Net Investment Income	11,676,166
Total Additions	18,986,049
DEDUCTIONS	
Benefits	8,836,790
Refunds	465,684
Administrative Expenses	309,266
Total Deductions	9,611,740
CHANGE IN NET POSITION	9,374,309
NET POSITION RESTRICTED FOR PENSIONS	
Net Position - Beginning of Year	131,357,180
Net Position - End of Year	$ 140,731,489

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Winter Haven (the City) conform to accounting principles generally accepted in the United States as applicable to governmental units. The accompanying summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The City was created and re-established as a municipal government when its present charter was approved by voters at a general referendum on October 2, 1973 and by Laws of Florida, Chapter 73-660.

These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity, is in substance part of the City's operations. The Community Redevelopment Agency, (CRA), authorized by Chapter 163, Florida Statutes, is a legally separate entity, but since the City Commission also serves as its governing board, it is reported as a blended component unit. Management of the City has operational responsibility for the CRA. The CRA consists of two distinct geographic districts: Downtown and Florence Villa. The CRA's fiscal year ends on September 30 and it does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity, except for interfund services provided and used, has been removed from these statements. The City chooses to eliminate the indirect costs between governmental activities to avoid a "doubling up" effect. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The City organizes its accounts on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, and deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types

Governmental fund types are those funds through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The City electively added the Community Redevelopment Agency as a major fund due to its specific community focus. The following comprise the City’s major governmental funds:

- **General Fund** – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City’s general service departments; street and highway maintenance; public safety; and parks and recreation programs are accounted for in this fund.

- **Community Redevelopment Agency Fund** – The Community Redevelopment Agency Fund was established pursuant to F.S. Chapter 163 to account for the operations of the CRA. Revenue is generated from ad-valorem taxes in the redevelopment district. The CRA is reported as a special revenue fund of the City.

- **Airport Fund** – The Airport Fund was established by Resolution No. R-10-15 to assure that all revenue generated by the airport will be expended for capital or operating costs. This is to comply with the Joint Participation Agreement with the Florida Department of Transportation for multiple projects at the Winter Haven Municipal Airport.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

- **2015 Construction Fund-** The 2015 Construction Fund is a Capital Projects Fund used to account for resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds – Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law, regulation, or administrative action to be accounted for in separate funds.

The following nonmajor funds are included in this fund type:

Library Fund was established by the Polk County Library Cooperative Interlocal Agreement for 2014 through 2024. Polk County is an eligible political subdivision under Florida Statutes (F.S.) 257.17 and may participate in the State Aid to Libraries Program. Polk County enacted an ordinance allowing them to levy an impact fee to provide for library capital improvements required by growth within Polk County. Also, Polk County can levy ad-valorem taxes to unincorporated areas to fund new libraries. The cooperative agreement is considered restricted revenue and is utilized for operations first. Additional financing is provided by membership fees and donations from the General Fund and the public.

Cemetery Fund was established by Ordinance No. O-85-13 to provide adequate revenue to cover all operating expenses, capital improvements, debt service and to provide a contribution to the perpetual care fund. Revenues are generated from interment space sales, interment fees, monument costs and other charges.

Community Development Grant Fund was established due to grant requirements to account for the receipt and expenditure of Community Development Block Grant funds.

SHIP Grant Fund was established due to grant requirements. The State Housing Initiatives Partnership Program was created by Florida Statute Chapter 420.9072 for the purpose of providing funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand production of and to preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related employment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds (Continued)

Police Training, Confiscation, and Abandoned Property Fund was established by the several Florida Statutes to account for asset seizures and training expenses related to law enforcement. State and local forfeitures are considered restricted based upon F.S. Chapter 932. Police training monies are received monthly from the office of the Polk County Clerk of the Circuit Court and Polk County Sheriff's Office. The source of these funds is a $2 per conviction fee for violation of municipal or county ordinance under F.S. 938.15. The fees are used to pay expenditures for programs and courses for training police officers. Unclaimed evidence is also restricted based upon F.S. 705. The City receives funds from federal agencies as a result of Winter Haven police cooperation in federal investigations. The funds must be spent in accordance with federal regulations. No budget is adopted for this fund.

Building Safety Fund was established by F.S. 468.631 and F.S. 553.721 to account for the operations of building and permitting. Revenues are generated from permits, inspections, planning reviews and other charges for service.

Impact Fee Fund was established by Ordinance No. O-06-44 to charge impact fees for police, fire, library, and parks and recreational services. In addition, the City passed Ordinance No. O-06-45 to charge impact fees related to new development, which necessitates new roads and related facilities. Water and sewer impact fees are accounted for in the Water and Sewer Fund.

Federal Building Fund was established by Resolution No. R-03-13 to account for activities of the Federal Building. The building is considered a historical monument. Rental income in excess of repair, rehabilitation, restoration, and maintenance is used by the City only for public historic preservation, park, and recreational purposes as enunciated in its Program of Preservation and Utilization.

Debt Service Funds – The Debt Service Funds are used to account for the funding and payment of interest and principal of general obligation and tax increment debt of the City.

Capital Project Funds – The Capital Project Funds are used to account for resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

Enterprise Funds – The Enterprise Funds are used to finance and account for the acquisition, operation and maintenance of the City's facilities and services which are supported primarily by user charges. The following comprise the City's major enterprise funds:

Water and Sewer Fund – To account for the operation and maintenance of the City's Water and Sewer System.

Solid Waste Fund – To account for the operation and maintenance of the City's Solid Waste Collection System.

The other enterprise funds of the City are considered nonmajor and are as follows:

Willowbrook Golf Course Fund – To account for the operation and maintenance of the City's municipal golf course.

Stormwater Fund – To account for the operation and maintenance of the City's Stormwater Management Services System.

Dark Fiber Fund – To account for the operation and maintenance of the City's Dark Fiber Services System.

Internal Service Funds – The Internal Service Funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City on a cost reimbursement basis. The following funds are included in this fund type:

Self-Insurance Fund – To account for the costs of providing health insurance to all covered City employees, retirees and dependents.

General Services Fund – To account for the costs of providing centralized services to other City departments. The services provided are human resources, engineering, facilities support, and information technology.

Central Garage Fund – To account for the costs of operating a maintenance facility for automotive equipment used by other City departments. The automotive equipment itself is acquired and owned by the various user departments which are also responsible for financing replacement vehicles as necessary through contributions to the Capital Projects Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fiduciary Fund Types (Trust and Agency Funds)

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and / or other funds.

Employee Retirement Funds – To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by respective pension boards with City commission approval and by the City at amounts determined by an annual actuarial study.

In addition, the State of Florida remits income received from a 0.85% excise tax on casualty insurance premiums, per Florida Statutes 185.08, to the Municipal Firefighters' Pension Fund and the Municipal Police Officers' Pension Fund. These are considered on-behalf payments for the benefit of the City's police officers and firefighters and the $774,483 at September 30, 2018 was included as revenues and expenditures of the General Fund.

The following funds are included in this fund type:

General Employees' Pension Fund – Accounts for pension funds for eligible current and former employees (hired prior to November 20, 2017) of the City except those currently participating in the Firefighters' Pension, Police Officers' Pension, or Director 401(a) Plan.

Municipal Firefighters' Pension Fund – Accounts for pension funds of qualified current and former employees of the City's Firefighting Department.

Municipal Police Officers' Fund – Accounts for pension funds of qualified current and former employees of the City's Police Department.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the 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.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, and franchise taxes 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. Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

The City's fiduciary funds are presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Pooled Cash Investments

All of the City's cash and investments, except pension funds and certain bond related investments, are combined in a pooled cash accounting system to allow the investment of idle cash for short periods of time, thereby maximizing interest earnings for the City as a whole. Interest earned on pooled cash is allocated to each fund participating in the pool on a pro-rata basis. Funds which incur negative equity balances in the pooled cash incur a charge for interest.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments, which are comprised of certificates of deposit, U.S. obligations, and pension fund monies deposited with various trustees are recorded at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Investments (Continued)

The City invests funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year and as of September 30, 2018, the SBA contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments represent 33.5% of Florida PRIME's portfolio at September 30, 2018.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, as a cash equivalent.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days. Investments in Florida PRIME must carry an "AAAm" rating from Standard and Poor's. On September 30, 2018, Standard and Poor's Ratings Services assigned the Florida PRIME an "AAAm" principal stability funding rating.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Investments (Continued)

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Fair Value Measures

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. For Level 2 securities, the pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Level 3, unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds reported in the general fund financial statements are classified as nonspendable fund balance to indicate that they are not available for appropriation and do not constitute available spendable resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are designed to assure a consistent property valuation method statewide.

State statutes permit cities to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2018 was 6.7900.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, independent districts, and County School Board tax requirements.

All property is reassessed according to its fair value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the roll meets all of the appropriate requirements of state statutes.

All taxes are due and payable on November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of up to 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

Delinquent taxes on personal property bear interest of up to 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Inventories and Prepaid Items

Inventories are stated at cost on the basis of the "first-in, first-out" method of accounting, except for the Water and Sewer Fund and the Central Garage Fund parts inventories. Inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption (consumption method). Governmental fund inventories are classified as nonspendable fund balance, which indicates that they do not constitute available spendable resources.

The Water and Sewer and Central Garage inventories are stated at the lower of cost or market on the basis of weighted average cost. The effect of this method is to price and charge inventory to operations on the basis of average prices paid for the items, weighted according to the quantity purchased at each price.

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. Prepaid items are recorded using the consumption method of accounting. Under the consumption method, services paid for in advance are reported as an asset until the period in which the services are actually consumed.

Capital Assets

Capital assets, including land, buildings, improvements, infrastructure and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an initial useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value at the date of donation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets as follows:

Assets	Years
Buildings	30-50
Infrastructure systems	30-50
Improvements other than buildings	10-33
Equipment	3-33

The City's collection of works of art, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category including the deferred charge on refunding, differences between expected and actual experience, changes in actuarial assumptions, and projected versus actual earnings on pension plan investments. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other amounts will be recognized as increases in pension expense in future years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has multiple pension-related items that qualify for reporting in this category including changes in assumptions, projected versus actual earnings on pension plan investments, and differences between expected and actual experience.

The City also has items which arise only under a modified accrual basis of accounting that qualify for reporting as deferred inflows of resources in the governmental funds balance sheet. The governmental funds report unavailable revenues for revenue collected after the period of availability. The amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available.

Accumulated Unused Compensated Absences

The City records the "vested" portion of accumulated unused compensated absences at each year-end based on each employee's accumulated unused hours and rate of pay, plus certain salary-related fringe benefits. All accumulated unused compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is normally 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 proprietary fund types 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 on refunded bonds, are amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and costs related to bond refundings during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Unearned Revenues

Unearned revenues in the governmental funds and in the government-wide statement of net position represent amounts which have been received but are not yet earned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Fund Balances

Governmental fund equity is classified as fund balance. The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balances Reporting and Governmental Fund Type Descriptions* (GASB 54) effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable resources. Spendable resources are to be shown as restricted, committed, assigned, and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and generally long-term items such as advances to other funds or amounts that are required to be maintained intact (corpus of a permanent fund).

Restricted – Amounts that can be spent only for specific purposes stipulated by (a) external resources providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action (ordinance) of the Commissioners, the City's highest level of decision making authority. Commitments may be changed or lifted only by the Commission taking the same formal action (ordinance) that imposed the constraints originally. Resources accumulated pursuant to stabilization arrangements are reported in this category only if they are specific and nonrecurring.

Assigned – Amounts intended to be used by the City for specific purposes. According to the City's fund balance policy, this includes spendable fund balance amounts established by the City Commission or City Management that are neither restricted or committed. The City's fund balance policy does not describe the specific action required to assign fund balance.

Unassigned – Includes the residual classification for the general fund. This classification represents fund balance that is spendable and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Fund Balances (Continued)

The City spends restricted amounts first, when both restricted and unrestricted fund balance is available, unless prohibited by legal documents, grant agreements or contracts. Additionally, the City uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Government Finance Officers Association recommends, at a minimum, that general-purpose governments, regardless of size, incorporate a financial policy maintaining unrestricted fund balance in the general fund of no less than two months (17%) of regular general fund operating revenues or regular general fund operating expenditures. The Commission established the targeted minimum reserve balance in the City's General Fund Unassigned Fund Balance equal to 17% of the General Fund's current fiscal year operating expenditures and transfers out budgeted for the fund. For purposes of this calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 30th for the subsequent fiscal year. The required balance as of September 30, 2018 was approximately $8,400,000.

The City strives to maintain adequate levels of fund balance to mitigate risks and provide a back-up for revenue shortfalls. If, at the end of any fiscal year, the actual amount of Unassigned Fund Balance falls below the targeted levels set forth herein, a plan shall be established to achieve the target by adding a designated amount to the budget to cover the deficiency over a period not to exceed five (5) fiscal years.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation. Below are the proprietary funds and certain fiduciary fund restrictions:

Restricted for Revenue Bonds Debt Service – Restricted for payment of principal and interest on revenue bonds.

Restricted for Renewal, Replacement, and Improvements – Restricted for meeting of various contingencies as may be so specified and defined in the indenture.

Restricted for Pensions – Restricted for payment of employee retirement benefits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Interfund Transactions

Transactions between City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Use of Estimates

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

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The difference results primarily from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Some of the elements of the reconciliation are as follows:

Capital Related Items

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

Costs of Capital Assets	$ 143,404,347
Accumulated Depreciation	(69,294,779)
Total Capital Assets Added	$ 74,109,568

Deferred Outflows

Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period and, therefore, are not reported in the governmental funds.

Deferred Charge on Debt Refunding	$ 239,931

Accrued Interest

Accrued liabilities in the statement of net position differ from the amount reported in governmental funds due to accrued interest on revenue bonds.

Accrued Interest on Revenue Bonds	$ (370,052)

Pension Related Items

The City's net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period, and accordingly, are not reported as fund liabilities. The balances applicable to the City's governmental activities at September 30, 2018 were:

Net Pension Liability	$ (12,921,958)
Deferred Outflows of Resources - Pension Related	3,007,614
Deferred Inflows of Resources - Pension Related	(3,188,033)
Total Pension Related Items	$ (13,102,377)

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Position (Continued)

Other Postemployment Benefits Related Items

Total other postemployment benefits (OPEB) liability and related deferred inflows of resources are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Balances as of September 30, 2018 were as follows:

Total OPEB Liability	$ (18,665,133)
Deferred Inflows of Resources - OPEB Related	(1,531,419)
Total Pension Related Items	$ (20,196,552)

Long-Term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. The long-term liabilities applicable to the City's governmental activities at September 30, 2018 were as follows:

Bonds Payable	$ (27,750,000)
Premium on Bond Issue	(441,803)
Prepaid Insurance	9,945
Accrued Compensated Absences	(1,343,347)
Total Long-Term Liabilities	$ (29,525,205)

Unavailable Revenue

Unavailable revenue is recorded in the funds to offset receivables that do not meet the criteria for revenue recognition in the current period.

Unavailable Revenue	$ (321,553)

Deferred Inflows

Deferred inflows of resources represent an addition of net position or fund balance that applies to a future period and, therefore, are not reported in the governmental funds.

Deferred Charge on Debt Refunding	$ (409,463)

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Position (Continued)

Internal Service Funds

Internal service funds are used by management to charge the costs of certain administrative, equipment repairs, maintenance and insurance activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily serve governmental activities in the City.

Internal Service Funds	$ (1,404,694)

Allocation of Internal Service Funds Operating Income

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily serve governmental activities of the City. The operating loss is allocated between governmental activities and business-type activities based on usage of the services.

Internal Service Funds Operating Loss Allocated to Business-Type Activities	$ 897,817

Elimination of Interfund Receivables / Payables

Interfund receivables and payables in the amount of $2,409,755 between governmental funds must be eliminated for the statement of net position.

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The differences are illustrated as follows:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital Outlay	$ 17,925,019
Sale of Capital Assets	(205,000)
Depreciation Expense	(4,445,404)
Net Adjustment	$ 13,274,615

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Long-Term Debt Transactions

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Bond and Note Payments	$	1,805,000

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.

Net Change in Other Postemployment Benefits	$	(685,457)
Net Change in Accrued Compensated Absences		136,989
Net Change in Bond Interest Payable		10,963
Net Change in Net Pension Liability		673,744
Net Adjustment	$	136,239

The amortization of bond premium and similar items do not require the use of financial resources of the governmental funds and, therefore, are not reported as expenditures in the governmental funds:

Amortization of Deferred Charges on Refunding	$	33,684
Amortization of Prepaid Insurance		(711)
Amortization of Bond Premium		31,557
Total Amortization	$	64,530

Unavailable Revenue

Some revenues reported in the statement of activities will not be collected for several months after the fiscal year and, therefore, are not reported as revenue in the governmental funds.

Unavailable Revenue: Intergovernmental	$	(284,200)

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Internal Service Funds Operating Income

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position because they primarily serve governmental activities of the City. But the operating loss is allocated between governmental activities and business-type activities based on usage of the services. In the fiscal year ended September 30, 2018, the internal service funds had total net operating losses of $187,899.

Internal Service Funds Operating Loss Allocated to Governmental Activities	$ (154,786)
Internal Service Funds Non-Operating Revenues	602,113
Net Adjustment	$ 447,327

Reclassifications and Eliminations

Transfers in and transfers out in the amount of $7,680,835 between governmental activities are eliminated.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- The City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the sources of revenues to finance those expenditures. The budget is prepared using the modified accrual basis of accounting with encumbrances included as budgetary basis expenditures.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgets and Budgetary Accounting (Continued)

- Public hearings are conducted to obtain taxpayer comments.
- The budget is approved by the Commission and becomes the basis for the millage levied by the Commission.
- The City Commission must approve transfers between departments.
- The City legally adopts annual budgets for the General Fund, Capital Projects, and certain Special Revenue Funds (Community Redevelopment, Library, Airport, Cemetery, Community Development Grants, SHIP Grants, Building Safety, Impact Fees and Federal Building). Budgets for the General and budgeted Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles at the department level. Budgets for Capital Projects are adopted annually based on the amount to be spent in the fiscal year, not for the length of the project. The City does not adopt annual budgets for the debt service funds. Florida Statutes require only the General Fund to legally adopt an annual budget.
- Budgeted amounts are as originally adopted, and as amended, in accordance with City ordinance. Appropriations not expended at the end of each fiscal year lapse and become subject to future appropriation.
- Supplemental budget appropriations were made during the current year.
- Section 40 of the City's Charter makes it unlawful to expend or contract for the expenditure, in any fiscal year, of more than the amount appropriated by the City Commission. The Commission appropriates monies for expenditures on a departmental and fund basis.

Deficit Fund Equity

The Airport Fund had a deficit in fund balance of $275,491 at September 30, 2018. Management believes this deficit will be recovered through operations in future years.

The Willowbrook Golf Course Fund had a deficit in net position of $474,150 at September 30, 2018. Management believes this deficit will be recovered through subsidy payments from the General Fund over the next six years.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Equity (Continued)

The Self-Insurance Fund had a deficit in net position of $245,108 at September 30, 2018. Management believes this deficit will be recovered through operations in future years.

The General Services Fund had a deficit in net position of $820,938 at September 30, 2018. Management believes this deficit will be recovered through operations in future years.

The Central Garage Fund had a deficit in net position of $338,648 at September 30, 2018. Management believes this deficit will be recovered through operations in future years.

NOTE 4 CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its deposits and securities that are in the possession of an outside party.

At September 30, 2018, the carrying amount of the City's deposits was $13,125,098. The City also had $6,543 cash on hand at September 30, 2018.

All balances in excess of the Federal Deposit Insurance Corporation (FDIC) for demand and time deposits are fully collateralized pursuant to Chapter 280, Florida Statutes. The City's investment policy requires that the deposit be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

The City's investment policy requires that securities be secured through third-party custody in the City's name and safekeeping procedures. All of the City's investments are held by the counterparties' trust departments in the City's name.

Investments

Statutes authorize the City to invest excess monies in the Florida PRIME, S.E.C. registered money market funds, interest-bearing time deposits or savings accounts in qualified public depositories and in direct obligations of the U.S. Treasury. All of the City's investments are in Florida PRIME except those investments related to the pension funds.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

State statutes limit the pension funds to the following types of investments: (1) annuity and life insurance contracts with life insurance companies, (2) time or savings accounts of a national bank, a state bank or a savings / building and loan association insured by the Federal Deposit Insurance Corporation, (3) obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States, (4) stocks, commingled or mutual funds, bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, or state or organized territory of the United States, or the District of Columbia, (5) international securities, not to exceed at market value 25% or 15% at cost of the Funds' assets, and (6) real estate investments in an amount not to exceed at cost value 15% of the Funds' assets.

At September 30, 2018, the City's investments were as follows:

Investment Type	Fair Value
Florida PRIME	$ 78,139,542
Short-Term Money Market Funds	5,231,290
Collateralized Mortgage Obligations	2,548,745
United States Treasuries	4,386,848
Government Agencies	2,570,920
Government Mortgage Pools	1,073,106
Corporate Bonds	10,973,189
Municipal Obligations	580,468
Mutual Funds	8,801,823
Equity Securities	91,795,732
Miscellaneous	65,678
Real Estate Fund	11,999,014
Total Investments	$ 218,166,355

Reconciliation of deposits and investments to amounts shown on statement of net position and statement of fiduciary net position:

Deposits	$ 13,221,819
Cash on Hand	6,546
Investments	218,166,355
Total	$ 231,394,720
Statement of Net Position:	
Cash and Investments	$ 70,911,281
Restricted Cash and Investments	19,958,211
Statement of Fiduciary Net Position:	
Cash	498,415
Investments	140,026,813
Total Cash and Investments	$ 231,394,720

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- **Interest Rate Risk –** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of September 30, 2018, the City had the following investments and maturities:

Investment Maturities (in Years)

Investment Type	Less Than One	One to Five	Six to Ten	More Than Ten	Total Fair Value
Florida PRIME	$ 78,139,542	$ -	$ -	$ -	$ 78,139,542
United States Treasuries	-	1,378,467	1,138,144	1,870,237	4,386,848
Government Agencies:					
GNMA	-	-	-	2,735	2,735
GNMA Mortgage Pools	-	-	-	232,640	232,640
FHLB	-	413,783	-	-	413,783
FFCB	-	846,352	88,393	-	934,745
FHLMC	404,972	-	158,148	-	563,120
FHLMC Mortgage Pools	15	1,238	-	351,910	353,163
FNMA	-	167,187	176,629	223,131	566,947
FNMA Mortgage Pools	813	113,226	24,145	349,119	487,303
TVA	-	-	-	89,590	89,590
Municipal Obligations	-	247,763	-	332,705	580,468
Collateralized Mortgage Obligations	-	-	849,209	1,699,536	2,548,745
Corporate Bonds	520,885	7,532,230	1,645,580	1,274,494	10,973,189
Total	$ 79,066,227	$ 10,700,246	$ 4,080,248	$ 6,426,097	$ 100,272,818

The mortgage pools include collateralized mortgage backed securities. In management's opinion, the credit and legal risk associated with these investments is comparable to other investments within the portfolio. The collateralized mortgage backed securities are based on cash flows from the underlying mortgages. The principal repayment portions could be sensitive to prepayment by mortgagees, which may be affected by interest rate changes. The prepayments and anticipated interest rate changes can therefore affect the market values of the investments. The City has no policy regarding interest rate risk.

The weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2018 was 33 days. Next interest rate reset dates for floating securities are used in the calculation of the WAM. The weighted average life (WAL) of the Florida PRIME at September 30, 2018 was 72 days.

- **Credit Risk –** The investment policies of the pension funds allow the Plans to only invest in securities meeting the following ranking criteria: (1) fixed income securities must be rated AAA, AA, or A by Standard & Poor's, or Aaa, Aa, or A by Moody's, (2) at least 85% of the equities must have a value line ranking for safety of 1, 2, or 3, and (3) money market funds must be rated A1 by Standard and Poor's or P1 by Moody's.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The following illustrates the credit quality distribution with credit exposure as a percentage of the City's investment securities.

Investment Type	Credit Rating	Portfolio	Market Value in U.S. Dollars
U.S. Agencies:			
Federal National Mortgage Association	Aaa	0.26%	$ 566,947
Federal Home Loan Mortgage Corporation	Aaa	0.26%	563,120
Federal Home Loan Bank	Aaa	0.16%	349,883
Federal Home Loan Bank	AA+	0.03%	63,900
Federal Farm Credit Bank	Aaa	0.43%	934,745
Tennessee Valley Authority	Aaa	0.04%	89,590
Government National Mortgage Association	No Rating	0.00%	2,735
U.S. Agencies Mortgage Pools:			
Federal National Mortgage Association	Aaa	0.22%	487,303
Federal Home Loan Mortgage Corporation	Aaa	0.16%	353,163
Government National Mortgage Association	No Rating	0.11%	232,640
Collateralized Mortgage Obligations	A1	0.01%	14,689
Collateralized Mortgage Obligations	Aa3	0.01%	11,553
Collateralized Mortgage Obligations	Aaa	0.96%	2,088,818
Collateralized Mortgage Obligations	A	0.01%	23,245
Collateralized Mortgage Obligations	No Rating	0.19%	410,440
Municipal Obligations	A1	0.07%	157,429
Municipal Obligations	Aa1	0.02%	47,956
Municipal Obligations	Aa2	0.07%	144,407
Municipal Obligations	Aa3	0.05%	107,439
Municipal Obligations	Aaa	0.06%	123,237
U.S. Treasuries	Aaa	2.01%	4,386,848
Corporate Bonds	A1	0.72%	1,576,711
Corporate Bonds	A2	0.88%	1,925,887
Corporate Bonds	A3	1.02%	2,218,482
Corporate Bonds	Aa1	0.22%	486,662
Corporate Bonds	Aa2	0.21%	449,690
Corporate Bonds	Aa3	0.06%	129,545
Corporate Bonds	Aaa	0.24%	522,460
Corporate Bonds	Baa1	0.63%	1,369,009
Corporate Bonds	Baa2	0.68%	1,480,474
Corporate Bonds	Baa3	0.20%	433,839
Corporate Bonds	A	0.01%	27,069
Corporate Bonds	A-	0.02%	52,411
Corporate Bonds	BBB+	0.03%	72,003
Corporate Bonds	No Rating	0.10%	228,947
Short-Term Money Market Funds	No rating	2.40%	5,231,290
Florida PRIME	No rating	35.82%	78,139,542
Mutual Funds Fixed	No rating	1.05%	2,289,750
Mutual Funds Other	No rating	2.98%	6,512,073
Miscellaneous	No rating	0.03%	65,678
Real Estate Fund	No rating	5.50%	11,999,014
Total			$ 126,370,623

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- **Concentration of Credit Risk –** No more than 5% of the Pension Plans' assets may be invested in the common stock, capital stock or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of that company. The value of bonds issued by any single company may not exceed 3% of the total fund. No more than 60% of the Plans' assets at cost for the Police Officers' Pension Plan and no more than 70% of the Plans' assets at cost for the Firefighters' and General Employees' Pension Plans may be invested in common stock and convertible bonds. No more than 15% of the Plans' assets at cost or 25% of the Plans' assets at fair value may be invested in international securities.

- **Foreign Currency Risk** – As of September 30, 2018 the Pension Funds have $6,714,180 invested in foreign equities. Foreign securities are limited to those that settle in U.S. dollars and trade on one or more of the national exchanges.

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- **Fair Value** – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets. The City had the following fair value measurements as of September 30, 2018:

		Fair Value Measurement Using:		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equities	$ 69,001,385	$ 67,098,472	$ 1,902,913	$ -
International Equities	6,714,180	6,714,180	-	-
Equity Mutual Funds	15,519,873	15,519,873	-	-
Unit Investment Trusts	529,177	529,177	-	-
ETF Equity	31,117	31,117	-	-
Corporate Bonds	10,973,189	-	10,973,189	-
Collateralized Mortgage Obligations	2,548,745	-	2,548,745	-
Mortgage Backed Securities	1,360,180	-	1,360,180	-
Municipal Obligations	580,468	-	580,468	-
U.S. Government Obligations	6,670,694	5,006,271	1,664,423	-
Mutual Funds Fixed	2,289,750	-	2,289,750	-
Mutual Funds Other	6,512,073	6,512,073	-	
Miscellaneous	65,678	65,678	-	-
Total Investments Measured at Fair Value	122,796,509	$ 101,476,841	$ 21,319,668	$ -
Investments Measured at Net Asset Value (NAV)				
Real Estate Fund	11,999,014			
Total Investments Measured at the NAV	11,999,014			
Total Investments Measured at Fair Value	134,795,523			
Investments Measured at Amortized Cost				
Florida PRIME	78,139,542			
Short-Term Money Market Funds	5,231,290			
Total Investments Measured at Amortized Cost	83,370,832			
Total Investments	$ 218,166,355			

NOTE 4 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Other information for investments measured at the NAV or its equivalent is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund	$ 11,999,014	$ 7,012	Quarterly	Daily

Real Estate Fund – The American Core Realty Fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. The American Core Realty Fund invests primarily in core institutional quality industrial, multi-family, office and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

NOTE 5 CAPITAL ASSETS

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

Primary Government

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	CIP Transfers	Ending Balance
Governmental Activities:						
Capital Assets, Not Being Depreciated:						
Land	$ 9,023,043	$ -	$ (1,099,169)	$ -	$ -	$ 7,923,874
Construction in Progress	3,163,874	16,996,940	(18,803)	-	(7,332,851)	12,809,160
Total Capital Assets, Not Being Depreciated	12,186,917	16,996,940	(1,117,972)	-	(7,332,851)	20,733,034
Capital Assets, Being Depreciated:						
Buildings and Improvements	41,753,523	-	-	-	1,506,210	43,259,733
Improvements Other than Buildings	59,749,361	2	(128,809)	-	5,826,641	65,447,195
Equipment	15,192,741	2,031,942	(332,593)	86,529	-	16,978,619
Total Capital Assets, Being Depreciated	116,695,625	2,031,944	(461,402)	86,529	7,332,851	125,685,547
Less Accumulated Depreciation for:						
Buildings and Improvements	(15,266,472)	(865,755)	-	-	-	(16,132,227)
Improvements Other than Buildings	(40,808,639)	(2,723,825)	128,809	-	-	(43,403,655)
Equipment	(11,464,967)	(1,001,050)	332,593	(86,529)	-	(12,219,953)
Total Accumulated Depreciation	(67,540,078)	(4,590,630)	461,402	(86,529)	-	(71,755,835)
Total Capital Assets, Being Depreciated, Net	49,155,547	(2,558,686)	-	-	7,332,851	53,929,712
Governmental Activities Capital Assets, Net	$ 61,342,464	$ 14,438,254	$ (1,117,972)	$ -	$ -	$ 74,662,746
Business-Type Activities:						
Capital Assets, Not Being Depreciated:						
Land	$ 5,152,220	$ -	$ -	$ -	$ -	$ 5,152,220
Construction in progress	4,177,753	5,219,432	(78,488)	-	(1,352,832)	7,965,865
Total Capital Assets, Not Being Depreciated	9,329,973	5,219,432	(78,488)	-	(1,352,832)	13,118,085
Capital Assets, Being Depreciated:						
Buildings and Improvements	8,731,241	-	(1,415)	-	-	8,729,826
Improvements Other than Buildings	147,360,510	3,946,118	-	-	1,352,832	152,659,460
Equipment	10,228,871	1,320,299	(355,555)	(86,529)	-	11,107,086
Total Capital Assets, Being Depreciated	166,320,622	5,266,417	(356,970)	(86,529)	1,352,832	172,496,372
Less Accumulated Depreciation for:						
Buildings and Improvements	(6,179,386)	(126,310)	1,415	-	-	(6,304,281)
Improvements Other than Buildings	(99,176,623)	(3,810,535)	-	-	-	(102,987,158)
Equipment	(8,046,685)	(727,957)	355,555	86,529	-	(8,332,558)
Total Accumulated Depreciation	(113,402,694)	(4,664,802)	356,970	86,529	-	(117,623,997)
Total Capital Assets, Being Depreciated, Net	52,917,928	601,615	-	-	1,352,832	54,872,375
Business-Type Activities Capital Assets, Net	$ 62,247,901	$ 5,821,047	$ (78,488)	$ -	$ -	$ 67,990,460

NOTE 5 CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

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

Governmental Activities:		
General Government	$	52,918
Public Safety		889,608
Transportation		1,375,423
Economic Development		541,661
Human Services		41,991
Culture and Recreation		1,543,803
Capital Assets held by the Government's Internal Service Funds		145,226
Total Depreciation Expense - Governmental Activities	$	4,590,630
Business-Type Activities:		
Water and Sewer	$	4,061,704
Solid Waste		320,360
Willowbrook Golf Course		48,460
Stormwater		190,304
Dark Fiber		43,974
Total Depreciation Expense - Business-Type Activities	$	4,664,802

NOTE 6 ALLOWANCE FOR UNCOLLECTIBLE AMOUNTS OF RECEIVABLES

The City provides for an allowance for water and sewer accounts that may become uncollectible. At September 30, 2018, the allowance for doubtful accounts associated with the receivables of the Water and Sewer Fund was $139,972. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2018.

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers for the year ended September 30, 2018 consisted of the following:

Interfund Transfers

Transfers to the General Fund from:		
Community Redevelopment Agency Fund	$	827,939
Water and Sewer		5,930,000
Solid Waste		1,228,000
Nonmajor Governmental Funds		654,000
Total	$	8,639,939
Transfers to the 2015 Construction Fund from:		
Community Redevelopment Agency Fund	$	479,232
Water and Sewer		183,309
Solid Waste		238,607
Nonmajor Governmental Funds		986,000
Nonmajor Proprietary Funds		100,790
Total	$	1,987,938
Transfers to the Airport Fund from:		
General Fund	$	948,047
Transfers to the Nonmajor Governmental Funds from:		
General Fund	$	4,538,370
Airport Fund		454,385
Nonmajor Governmental Funds		315,682
Total	$	5,308,437
Transfers to the Nonmajor Proprietary Funds from:		
General Fund	$	179,663
Nonmajor Governmental Funds		200,000
Total	$	379,663
Transfers to the Internal Service Funds from:		
General Fund	$	139,170
Solid Waste		50,000
Water and Sewer		305,792
Nonmajor Governmental Funds		3,986
Nonmajor Proprietary Funds		24,000
Total	$	522,948

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Transfers are used to: (1) move revenues from the fund with collection authorizations to the debt service funds as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, or (4) move portions of enterprise fund profits to the general fund to assist in financing the operations of governmental activities.

Due To / From Other Funds

Due To	Due From	Amount
General Fund	Airport Fund	$ 2,305,148
General Fund	Nonmajor Governmental Funds	7,697
General Fund	Internal Service Funds	65,699
Nonmajor Governmental Funds	Community Redevelopment Agency	31,211
Nonmajor Governmental Funds	Nonmajor Proprietary Funds	127,250
Total		$ 2,537,005

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

Advances to / from Other Funds

Advances To	Advances From	Amount
Nonmajor Proprietary Funds	General Fund	$ 1,563,872
Nonmajor Proprietary Funds	Nonmajor Governmental Funds	657,646
Total		$ 2,221,518

Through September 30, 2018, the General Fund has advanced $1,563,872 to the Willowbrook Golf Course Fund. Though there were budgeted transfers, no transfers on this advance were made during the year ending September 30, 2018. As such, management plans to recommend that the advance be forgiven in the 2019 budget. Since repayment to and/or forgiveness from to the General Fund will not occur within the next few months, these funds are not available for appropriation in the General Fund. Accordingly, fund balance in the General Fund has been classified as nonspendable.

During the year ending September 30, 2018, the Capital Depletion Fund advanced $180,000 to the Willowbrook Fund to provide financing to fund vehicle purchases, $129,721 of which was outstanding at September 30, 2018. The advance will be paid down monthly through May 1, 2023 at 4%. The Capital Depletion Fund also advanced $608,475 to the Dark Fiber Fund to aid in operations for expansions, $527,925 of which was outstanding at September 30, 2018. The advance will be paid down monthly through September 1, 2025 at 2.5%.

NOTE 8 FUND BALANCE CLASSIFICATIONS

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at September 30, 2018 is as follows:

	General Fund	Community Redevelopment Agency	Airport	2015 Construction Fund	Other Governmental Fund	Total Governmental Funds
Nonspendable:						
Advances to Other Funds	$ 1,563,872	$ -	$ -	$ -	$ -	$ 1,563,872
Inventory	-	-	-	-	49,361	49,361
Prepaid Items	324,927	15,773	31,292	-	11,300	383,292
Total Nonspendable Fund Balance	1,888,799	15,773	31,292	-	60,661	1,996,525
Restricted for:						
Community Redevelopment	-	267,299	-	-	-	267,299
Human Services	-	-	-	-	432,018	432,018
Public Safety-Police	7,496	-	-	-	130,395	137,891
Building Inspections and Enforcement	-	-	-	-	2,200,129	2,200,129
Impact Fees	-	-	-	-	869,281	869,281
Debt Service	-	-	-	-	2,395,011	2,395,011
Environmental Awareness	200,000	-	-	-	-	200,000
Total Restricted Fund Balance	207,496	267,299	-	-	6,026,834	6,501,629
Committed:						
Perpetual Care	-	-	-	-	468,862	468,862
Federal Building	-	-	-	-	32,000	32,000
Total Committed Fund Balance	-	-	-	-	500,862	500,862
Assigned:						
Leisure Services	12,677	-	-	-	-	12,677
Public Safety	12,989	-		-	-	12,989
Library	-	-	-	-	139,691	139,691
Airport	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-
Capital Projects	-	-	-	2,502,839	4,910,104	7,412,943
Total Assigned Fund Balance	25,666	-	-	2,502,839	5,049,795	7,578,300
Unassigned Fund Balance	12,870,923	-	(306,783)	-	-	12,564,140
Total Fund Balances	$ 14,992,884	$ 283,072	$ (275,491)	$ 2,502,839	$ 11,638,152	$ 29,141,456

NOTE 9 LONG-TERM LIABILITIES

Long-term liability activity of the City for the year ended September 30, 2018 was as follows:

PRIMARY GOVERNMENT	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Revenue Bonds Payable:					
2011 Sales Tax Refunding	$ 3,350,000	$ -	$ (645,000)	$ 2,705,000	$ 660,000
2015A Non-Ad Valorem	13,100,000	-	(650,000)	12,450,000	665,000
Plus: Unamortized Bond Premium	473,360	-	(31,557)	441,803	-
2016A Non-Ad Valorem	5,570,000	-	(275,000)	5,295,000	390,000
2016B Non-Ad Valorem	7,435,000	-	(235,000)	7,200,000	300,000
2017 Non-Ad Valorem	100,000	-	-	100,000	-
Total Bonds Payable	30,028,360	-	(1,836,557)	28,191,803	2,015,000
Compensated Absences	1,934,206	1,572,222	(1,665,451)	1,840,977	305,791
Governmental Activity Long-Term Liabilities	$ 31,962,566	$ 1,572,222	$ (3,502,008)	$ 30,032,780	$ 2,320,791
BUSINESS-TYPE ACTIVITIES					
Bonds Payable:					
2010 Utility System Refunding Revenue Bonds	$ 19,395,000	$ -	$ (55,000)	$ 19,340,000	$ 55,000
2015 Utility System Refunding Revenue Bonds	25,610,000	-	(470,000)	25,140,000	480,000
Less: Unamortized Bond Discount	(58,603)	-	3,256	(55,347)	-
2015B Utility System Refunding Revenue Bonds	6,135,000	-	(1,505,000)	4,630,000	1,525,000
State Revolving Fund	-	62,000	-	62,000	-
Total Bonds Payable	51,081,397	62,000	(2,026,744)	49,116,653	2,060,000
Compensated Absences	454,606	441,017	(500,900)	394,723	39,473
Business-Type Activity Long-Term Liabilities	$ 51,536,003	$ 503,017	$ (2,527,644)	$ 49,511,376	$ 2,099,473

The annual requirements to amortize the revenue bonded debt outstanding as of September 30, 2018 are as follows:

	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2019	$ 2,015,000	$ 715,721	$ 2,060,000	$ 1,539,172
2020	2,069,088	666,286	2,085,406	1,510,235
2021	2,129,215	618,935	2,117,867	1,478,734
2022	2,154,345	566,959	2,142,897	1,426,162
2023	1,509,479	513,100	2,207,927	1,340,847
2024 - 2028	8,194,557	1,889,253	12,170,093	5,324,676
2029 - 2033	7,838,591	756,400	15,610,891	2,673,859
2034 - 2038	1,839,725	95,060	10,771,730	338,923
2039 - 2043	-	-	5,189	52
Total	$ 27,750,000	$ 5,821,714	$ 49,172,000	$ 15,632,660

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the individual revenue bonded debt issues outstanding as of September 30, 2018 are as follows:

	Governmental Activities				
Year	2011 Sales Tax	2015A Public Improvement	2016A Non-Ad Valorem	2016B Non-Ad Valorem	2017 Non-Ad Valorem
2019	$ 703,938	$ 1,037,738	$ 508,320	$ 477,660	$ 3,065
2020	701,635	1,037,488	509,156	479,974	7,122
2021	699,148	1,059,962	504,818	477,099	7,122
2022	701,427	1,028,413	505,306	479,035	7,122
2023	-	1,034,113	505,562	475,782	7,122
2024 - 2028	-	5,146,456	2,518,936	2,382,807	35,611
2029 - 2033	-	5,163,025	1,013,200	2,383,155	35,611
2034 - 2038	-	-	-	1,902,736	32,050
2039 - 2043	-	-	-	-	-
Totals	2,806,148	15,507,195	6,065,298	9,058,248	134,825
Less: Amount Representing Interest	(101,148)	(3,057,195)	(770,298)	(1,858,248)	(34,825)
Total	$ 2,705,000	$ 12,450,000	$ 5,295,000	$ 7,200,000	$ 100,000

	Business-Type Activities			
Year	2010 Water and Sewer	2015 Utility System	2015B Utility System	SRF
2019	$ 813,149	$ 1,214,613	$ 1,571,410	$ -
2020	810,990	1,209,913	1,572,990	1,748
2021	813,733	1,210,013	1,569,360	3,495
2022	2,850,550	715,013	-	3,496
2023	2,830,265	715,013	-	3,496
2024 - 2028	13,902,228	3,575,065	-	17,476
2029 - 2033	2,722,408	15,544,865	-	17,477
2034 - 2038	-	11,093,176	-	17,477
2039 - 2043	-	-	-	5,241
Totals	24,743,323	35,277,671	4,713,760	69,906
Less: Amount Representing Interest	(5,403,323)	(10,137,671)	(83,760)	(7,906)
Total	$ 19,340,000	$ 25,140,000	$ 4,630,000	$ 62,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

The following bonds payable were outstanding at September 30, 2018:

2011 Sales Tax Revenue Bond

The Sales Tax Revenue Bond Resolution provides for:

- **Application of Bond Proceeds –** On September 20, 2011, the City obtained a commercial loan for $6,405,000 with an interest rate of 1.85% to advance refund the 2002 Sales Tax Revenue serial bonds with interest rates ranging from 3.00% to 4.875%. The serial bonds mature on October 1, 2021. After paying issuance costs of $106,757, the net proceeds were $6,363,250. The net proceeds from the commercial loan along with the debt service payment due October 1, 2011 of $627,142 were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the serial bonds were to be called on October 1, 2012. The advance refunding met the requirements of an in-substance debt defeasance and the serial bonds were removed from the City's government-wide financial statements.

- **Restrictions on the Use of Cash from Operations –** This bond is payable solely from and secured by a pledge of the Local Government Half-Cent Sales Tax received by the City from the State of Florida pursuant to the provisions of Chapter 218 Part IV, Florida Statutes.

- **Redemption –** The City may partially redeem the Series 2011 Bond at its option at any time in an amount not exceeding 15% of the then outstanding principal amount at a redemption price of par, plus accrued and unpaid interest to the date of redemption, without penalty or premium. The City may partially or fully redeem the Series 2011 Bond at its option at any time in an amount equal to or greater than 15% of the then outstanding principal amount at the redemption price of par, plus accrued and unpaid interest to the date of redemption, plus an additional fee to the Registered Holder, referred to as the "make whole payment."

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Sales Tax Refunding Bond, Series 2011	1.85% 10/1; 4/1	10/01/2021	$ 6,405,000	$ 2,705,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2015A Non Ad Valorem Refunding Revenue Bond

The Non Ad Valorem Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds** On January 27, 2015, the City issued Non Ad Valorem Revenue Bonds Series 2015A in the amount of $13,205,000 for purposes of advance refunding a portion of the Non Ad Valorem Refunding Revenue Bonds Series 2007 and paying associated closing costs. The series 2015A bonds have a redemption date of October 1, 2032.

- **Restrictions on the Use of Cash from Operations –** This bond is payable solely from and secured by a pledge of non ad valorem tax dollars received by the City.

- **Redemption –** The Series 2015A Bonds that mature on or before October 1, 2024 are not subject to redemption prior to their maturities. The Series 2015A Bonds that mature on or after October 1, 2025, are subject to redemption beginning October 1, 2024, in whole or in part at any time, in any order of maturities at the option of the City, and by lot within a maturity if less than a full maturity is redeemed, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Non Ad Valorem Revenue Bonds - Series 2015A	2% - 4% 4/1; 10/1	10/1/2032	$ 13,205,000	$ 12,450,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2016A Non Ad Valorem Refunding Revenue Bond

The Non Ad Valorem Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds-** On December 15, 2016, the City issued Non Ad Valorem Revenue Bonds Series 2016A in the amount of $5,570,000 for the purposes of advance refunding the remaining portion of the Non Ad Valorem Refunding Revenue Bonds Series 2007 and paying associated closing costs. The series 2016A bonds have a redemption date of October 1, 2029.

- **Restrictions on the Use of Cash from Operations –** This bond is payable solely from and secured by a pledge of non ad valorem tax dollars received by the City.

- **Redemption –** There are no provisions for early redemption for the Bond Series 2016A.

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Non Ad Valorem Refunding Revenue Bonds - Series 2016A	2.32% 4/1; 10/1	10/01/2029	$ 5,570,000	$ 5,295,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2016B Non Ad Valorem Refunding Revenue Bond

The Non Ad Valorem Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds-** On December 15, 2016, the City issued Non Ad Valorem Revenue Bonds Series 2016B in the amount of $7,435,000 for the purposes of funding capital projects in the 2015 Construction Fund, including the construction of tennis courts. The series 2016B bonds have a redemption date of October 1, 2036.

- **Restrictions on the Use of Cash from Operations –** This bond is payable solely from and secured by a pledge of non Ad valorem tax dollars received by the City.

- **Redemption –** There are no provisions for early redemption for the Bond Series 2016B.

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Non Ad Valorem Revenue Bonds - Series 2016B	2.52% 4/1; 10/1	10/01/2036	$ 7,435,000	$ 7,200,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2017 Non Ad Valorem Refunding Revenue Bond

The Non Ad Valorem Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds –** On August 16, 2017, the City issued Non Ad Valorem Revenue Bonds Series 2017 in the amount of $25,000,000 for the purpose of funding the construction of capital improvements, including parks, recreation, fire station, transportation, and other public facilities. The bond is issued as a draw-down loan, and the City drew $100,000 as of September 30, 2018. On October 1, 2018, the remaining balance of $24,900,000 will be transferred to the City. The Series 2017 bonds have a redemption date of October 1, 2037.

- **Restrictions on the Use of Cash from Operations –** This bond is payable solely from and secured by a pledge of non ad valorem tax dollars received by the City.

- **Redemption –** There are no provisions for early redemption for the Bond Series 2017.

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Non Ad Valorem Revenue Bonds - Series 2017	3.07% 10/1; 4/1	10/01/2037	$ 25,000,000	$ 100,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2010 Utility System Refunding Revenue Bonds

The Utility System Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds –** On October 10, 2010, the City obtained a commercial loan for $20,925,000 with an interest rate of 3.23% to advance refund the 1998 Utility System Improvement serial and term bonds with interest rates ranging from 3.85% to 5.00%. The serial and term bonds mature on October 1, 2028. After liquidating the Debt Service Reserve Fund monies of $122,338 and paying issuance costs of $66,260, the net proceeds were $20,981,078. The net proceeds from the commercial loan were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the serial and term bonds are called on November 10, 2010. The advance refunding met the requirements of an in-substance debt defeasance and the serial and term bonds were removed from the City's government-wide financial statements.

- **Restrictions on Use of Cash from Operations –** This Bond is payable solely from and secured by pledged revenues as defined in the resolution derived from the ownership, use or operation of the City's water and sewer system, the sewer system development charges as defined in the resolution and the water system charges as defined in the resolution.

- **Redemption –** The Bond Resolution provides for early redemption of the Bond at an amount equal to the net present value of the bondholder's future cost of the liability for the original maturity of such liability prorated to the amount of principal repayment over total principal outstanding at the U.S. Treasury Yield curve for the then remaining original life of the Bond as determined on the date of redemption.

- The Revenue bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Utility System Refunding Revenue Bonds - Series 2010	3.23% 4/1; 10/1	10/01/2028	$ 20,925,000	$ 19,340,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2015 Utility System Refunding Revenue Bonds

The Utility System Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds** - On February 3, 2015, City issued the Utility System Refunding Bonds Series 2015 in the par amount of $26,070,000. These bonds were issued for the purpose of advance refunding a portion of the City's outstanding Utility System Improvement and Refunding Revenue Bond Series 2005. The Series 2015 bonds have a redemption date of October 1, 2035.

- **Restrictions on Use of Cash from Operations –** The Series 2015 Bonds are payable solely from and shall be secured by a lien upon and pledge of the Pledged Revenues on a parity with the lien thereon of the Parity Bonds and any Additional Parity Obligations hereafter issued. The System is defined collectively as the Water System, the Sewer System and Reuse System. Upon compliance with certain provisions of the Resolution, the term "System" may be deemed to include other utility functions added to the System, including, but not limited to a storm water system, the acquisition, distribution, and sale of natural gas, the providing of electricity, the providing of cable television services, the providing of telecommunication services or other utility functions that are, in accordance with Prudent Utility Practice, reasonably related to the services provided by the System. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interest in properties of the City which the City determines shall not constitute a part of the System for the purpose of the Resolution.

- **Redemption –** The Series 2015 Bonds that mature on or before October 1, 2024 are not subject to redemption prior to their maturities. The series 2015 Bonds that mature on or after October 1, 2025, are subject to redemption beginning October 1, 2024, in whole or in part at any time in any order of maturities at the option of the City and by lot within a maturity if less than a full maturity is redeemed, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Utility System Refunding Revenue Bonds - Series 2015	2% - 3.125% 4/1; 10/1	10/1/2035	$ 26,070,000	$ 25,140,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

2015B Utility System Refunding Revenue Bonds

The Refunding Revenue Bond Resolution provides for:

- **Application of Bond Proceeds** - On July 17, 2015, City issued the Utility System Refunding Bonds Series 2015B in the par amount of $9,105,000. These bonds were issued for the purpose of advance refunding a portion of the City's outstanding Utility System Refunding Revenue Bond Series 2005. The Series 2015B bonds have a redemption date of October 1, 2020.

- **Restrictions on Use of Cash from Operations** – The principal of and interest and redemption premium on the Series 2015B Bonds and all other payments shall be payable solely from the Pledged Revenues. The Issuer shall never be required to levy ad valorem taxes on any real or personal property therein to pay the principal of and interest on the Series 2015B Bonds herein authorized or to make any other Payments provided for in the Resolution. The Series 2015B Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than the Pledged Revenues.

- **Redemption –** The Series 2015B Bonds shall be subject to redemption prior to their maturity at the option of the Issuer, at such times and in such manner as set forth in the Official Notice of Sale and/or in the Certificate of Financial Services Director.

- The Revenue Bond consists of the following:

Description	Interest Rate and Dates	Final Maturity	Original Amounts Issued	Outstanding at September 30, 2018
Utility System Refunding Revenue Bonds - Series 2015B	1.20% 4/1; 10/1	10/1/2020	$ 7,910,000	$ 4,630,000

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

State Revolving Funds Loan

The City also has two State Revolving Fund loans in the amounts of $2,731,005 and $2,613,366 with rates between 1.03% and .03% repayable over twenty years. The loans will be used for wastewater projects beginning in 2018. As of September 30, 2018, $62,000 had been drawn on these loans.

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2018, all funds are being maintained in accordance with the ordinances and resolutions.

The amounts available in the Debt Service Funds to service long-term debt are as follows:

Sales Tax Refunding, Series 2011	$	685,022
Public Improvement Revenue Bonds, Series 2007		1,709,989
Total	$	2,395,011

Long-term liabilities, including accumulated compensated absences, are typically liquidated by the individual fund to which the liability is directly associated. Typically, the governmental funds used to liquidate the accumulated compensated absences include the General, Library, Airport, Cemetery, CRA and Building/Safety funds. Claims and judgments are classified as short-term debt.

Revenue Bonds – Pledged Revenue

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay $51,140,000 in revenue bonds issued in 2010 and 2015. Proceeds from the bonds were used to finance the cost of the acquisition and construction of additions, extensions, and improvements to the system. Principal and interest on the bonds are payable through 2035 from the water and sewer gross revenues and connection charges. The resolutions authorizing the revenue bonds include an obligation for the City to fix, establish, revise from time to time whenever necessary, maintain and collect such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide net revenues in each year sufficient to pay the lesser of either the aggregate of 115% of the bond service requirement becoming due in such year on the outstanding bonds, or the aggregate of 110% of the bond service requirement as the same become due in such year, provided that net revenues plus sewer system development charges and water system development charges in such year are sufficient to pay the aggregate of 120% of the bond service requirement becoming due in such year on the outstanding bonds. Fiscal year 2018 pledged revenues, net of operating expenses, were approximately $17,000,000. Annual principal and interest paid are expected to require 10% of such gross revenues and connection charges. Principal and interest paid during the year ended September 30, 2018 was $3,554,438.

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; injuries to employees and natural disasters. The City insures itself against these risks with various insurance policies. All insurance coverage amounts remained constant from the prior year.

The City is self-insured for group health insurance. Estimated claims incurred but not reported of $1,748,553 were recorded at September 30, 2018. This is the amount established by The Crowne Group to have been incurred but not yet billed as of September 30, 2018. This entire amount is considered to be payable within the next year.

In addition, the City has insurance to cover individual stop/loss after $250,000. Settlements did not exceed insurance coverage in 2013 or 2014. In 2016, 2017, and 2018, settlements exceeded insurance coverage by $451,729, $102,045, and $0, respectively.

The liability currently provided is the City's maximum run-off claims liability. The City is reinsured for all losses greater than the maximum claims liability through Symetra Life Insurance.

Changes in the City's claims payable at September 30 are as follows:

	Current Year Claims Payable Beginning of Year	Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2016-2017 Total	$ 1,218,738	$ 6,007,894	$ 5,478,079	$ 1,748,553
2017-2018 Total	$ 1,748,553	$ 5,407,176	$ 5,407,176	$ 1,748,553

NOTE 11 PENSION PLANS

The City maintains three single-employer, defined benefit pension plans. The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report.

The statements of fiduciary net position for the three pension plans at September 30, 2018 are as follows:

	General Employees' Pension	Municipal Firefighters' Pension	Municipal Police Officers' Pension	Total
Assets				
Cash	$ 271,980	$ 140,233	$ 86,202	$ 498,415
Investments:				
Short-Term Money Market Funds	2,363,403	2,371,136	496,751	5,231,290
Government Securities	3,989,127	2,320,069	4,850,891	11,160,087
Corporate and Other Bonds	4,755,852	2,641,251	3,576,086	10,973,189
Mutual Funds	6,512,073	2,289,750	-	8,801,823
Equity Securities	47,842,932	19,774,957	24,177,843	91,795,732
Miscellaneous	65,678	-	-	65,678
Real Estate Fund	7,466,280	2,759,503	1,773,231	11,999,014
Total Investments	72,995,345	32,156,666	34,874,802	140,026,813
Receivables:				
Interest and Dividends Receivable	108,804	60,615	52,389	221,808
Total Receivables	108,804	60,615	52,389	221,808
Total Assets	73,376,129	32,357,514	35,013,393	140,747,036
Liabilities				
Accounts Payable	15,547	-	-	15,547
Net Position				
Net Position Restricted for Pensions	$ 73,360,582	$ 32,357,514	$ 35,013,393	$ 140,731,489

NOTE 11 PENSION PLANS (CONTINUED)

The statement of changes in fiduciary net position for the three pension plans for the year ended September 30, 2018 follows:

	General Employees' Pension	Municipal Firefighters' Pension	Municipal Police Officers' Pension	Total
Additions:				
Contributions:				
Employer	$ 3,221,324	$ 1,240,969	$ 626,513	$ 5,088,806
Employee	700,047	370,069	376,478	1,446,594
State	-	341,245	433,238	774,483
Total Contributions	3,921,371	1,952,283	1,436,229	7,309,883
Investment Income	6,240,576	2,580,604	3,384,795	12,205,975
Less: Investment Expenses	(225,902)	(144,890)	(159,017)	(529,809)
	6,014,674	2,435,714	3,225,778	11,676,166
Total Additions	9,936,045	4,387,997	4,662,007	18,986,049
Deductions:				
Benefits	4,430,015	2,419,413	1,987,362	8,836,790
Refunds	278,525	36,235	150,924	465,684
Administrative Expenses	156,854	82,860	69,552	309,266
Total Deductions	4,865,394	2,538,508	2,207,838	9,611,740
CHANGE IN NET POSITION	5,070,651	1,849,489	2,454,169	9,374,309
Net Position Restricted for Pensions:				
Net Position - Beginning of Year	68,289,931	30,508,025	32,559,224	131,357,180
Net Position - End of Year	$ 73,360,582	$ 32,357,514	$ 35,013,393	$ 140,731,489

Summary of Significant Accounting Policies

- **Basis of Accounting –** The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

- **Method Used to Value Investments –** Investments are reported at fair value, as described in Note 4.

NOTE 11 PENSION PLANS (CONTINUED)

Plan Description

The General Employees' Pension Plan, Police Officers' Pension Plan, and Firefighters' Pension plans are defined benefit pension plans. Each plan is administered by a Board of Trustees which acts as the administrator of the plan.

General Employees' Pension Plan

The Board for the General Employees' Plan consists of five Trustees. One Trustee is the Finance Director of the City, who will be a permanent Trustee. The remaining four trustees are members of the system who are elected by a majority of the General Employees who are members of the system. Each Trustee serves a four year term. Each person employed by the City as a full-time General Employee before November 20, 2017 became a member of the Plan as a condition of his or her employment. All eligible General Employees are therefore eligible for plan benefits as provided for in the plan document and by applicable law. There are no new entrants to the plan after November 20, 2017.

Employees become eligible for benefits the first day of the month following age 55 and completion of 10 years of credited service. For members who had not attained age 40 with 10 years of service on November 20, 2017, normal retirement is the earlier of age 60 with 10 years of credited service or the completion of 33 years of credited service, regardless of age. Members are entitled to 3.0% of their average final compensation times years of credited service. The benefit accrual reduces to 2.3% of average final compensation for service earned on or after November 20, 2017. The form of benefit is 10-year certain and life annuity. The plan provides for early retirement and disability benefits. All employees not included in the Firefighters' or Police Officers' pension plans are eligible under the plan.

General employees are required to contribute 9.5% of their salary up until November 20, 2017, and 7.00% effective November 20, 2017. The City is required to contribute the remaining amounts necessary to fund the plan as specified by ordinance. Administrative costs of the plan are financed through investment earnings. Service and disability retirees receive cost of living increases of 0.5% each October 1 for 10 years, beginning the first October following one complete year of retirement.

Firefighters' Pension Plan

The Board for the Firefighters' Plan consists of five Trustees, two of whom are legal residents of the City appointed by the City Commission, two of whom are members of the system who are elected by a majority of the Firefighters who are members of the system and a fifth trustee who is chosen by a majority of the other four trustees. Each Trustee serves a four-year term. Each person employed by the City Fire Department as a full-time Firefighter becomes a member of the Plan as a condition of his or her employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

NOTE 11 PENSION PLANS (CONTINUED)

Employees under the Firefighter's Pension Plan are entitled to 3.8% of their average final compensation times years of credited service and become eligible the first day of the month following the earlier of age 55 and 10 years of credited service or 25 years of service, regardless of age. The form of benefit is 10-year certain and life annuity. The plan provides for early retirement and disability benefits. Service and disability retirees receive cost of living increases of 0.5% each October 1 for 10 years, beginning the first October following one complete year of retirement.

Police Officers' Pension Plan

The Board for the Police Officers' Plan consists of five Trustees, two of whom are appointed by the City Commission, two of whom are members of the system who are elected by a majority of the Police Officers who are members of the system, and a fifth trustee who is chosen by a majority of the other four trustees. Each Trustee serves a four year term. Each person employed by the City Police Department as a full-time Police Officer becomes a member of the Plan as a condition of his or her employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Police employees attaining the earlier of age 55 and 10 years of credited service or the completion of 25 years of credited service or age 60 are entitled to annual benefits of 3.5% of their average final compensation times years of credited service. The form of benefit is 10-year certain and life thereafter. The plan provides for early retirement and disability benefits. Service and disability retirees receive cost of living increases of 0.5% each October 1 for 10 years, beginning the first October following one complete year of retirement.

Police and fire employees are required to contribute 8.2% and 10.0%, respectively, of their annual salary. The City is required to contribute the remaining amounts after employee and state contributions necessary to fund the plans as specified by ordinance. The State remits income received from the 0.85% excise tax on casualty insurance premiums for the police fund, and income received from the 1.85% excise tax on premiums for fire insurance for the firefighters' fund. Contributions received from the State as on-behalf payments were $433,238 for police employees and $341,245 for firefighters for 2018. Administrative costs of the plan are financed through investment earnings.

Other information with respect to the Pension Plans is as follows:

	General Employees'	Municipal Firefighters'	Municipal Police Officers'
Plan Establishment/Restatement	January 1, 1971	October 1, 1986	October 1, 1985
Payroll for Covered Employees	$ 9,456,212	$ 3,700,691	$ 4,609,577
Total City Payroll	22,833,087	22,833,087	22,833,087

The systems also provide disability and survivor benefits.

NOTE 11 PENSION PLANS (CONTINUED)

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

	General Employees'	Municipal Firefighters'	Municipal Police Officers'
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	255	43	55
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	55	2	17
Active Plan Members	248	62	82
Total	558	107	154

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions.

	General Employees'	Municipal Firefighters'	Municipal Police Officers'
Valuation Date	10/1/2017	10/1/2017	10/1/2017
Inflation	2.50%	2.50%	2.50%
Projected Salary Increases	4.00% - 11.00%	5.00% - 15.00%	4.00% - 17.00%
Discount Rate	7.30%	7.75%	7.70%
Investment Rate of Return	7.30%	7.75%	7.70%
Mortality Rate	RP2000 Generational with Scale BB	RP2000 Generational with Scale BB	RP2000 Generational with Scale BB
Date of Actuarial Experience Study	5/12/2014	5/12/2014	5/12/2014

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study dated May 12, 2014, for the period 1988-2013.

NOTE 11 PENSION PLANS (CONTINUED)

Changes in assumption for the 2018 fiscal year for the General Employee's plan included the following:

For measurement date September 30, 2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.40% to 7.30%.

Discount Rate

The discount rate used to measure the total pension liability was 7.30% for general employees', 7.70% for municipal police officers', and 7.75% for municipal firefighters'. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 PENSION PLANS (CONTINUED)

Investments

Each Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' asset. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price. Following are the adopted asset allocation policies for each plan as of September 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

General Employees':

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All Cap Value Equity	25.0 %	7.5 %
Broad Growth Equity	25.0	7.5
Foreign Equity	10.0	8.5
Broad Market Fixed Income	20.0	2.5
Global Bond	10.0	3.5
Real Estate	10.0	4.5
Total	100.0 %	

Municipal Firefighters':

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All Cap Value Equity	22.5 %	7.5 %
Broad Growth Equity	22.5	7.5
Foreign Equity Securities	15.0	8.5
Broad Market Fixed Income	20.0	2.5
Global Bond	5.0	3.5
Real Estate	10.0	4.5
TIPS	5.0	2.5
Total	100.0 %	

NOTE 11 PENSION PLANS (CONTINUED)

Investments (Continued)

Municipal Police Officers':

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All Cap Value Equity	25.0 %	7.5 %
Broad Growth Equity	25.0	7.5
Foreign Equity Securities	15.0	8.5
Broad Market Fixed Income	25.0	2.5
Real Estate	10.0	4.5
Total	100.0 %	

Concentrations

The Plans did not hold investments in any one organization that represent 5% or more of the respective Plan's fiduciary net position.

Money-Weighted Rate of Return on Investments

For the year ended September 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.70% for the General Employees' Plan, 7.98% for the Firefighters' Plan, and 10.04% for the Police Officers' Plan. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

General Employees':

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Sponsor's Net Pension Liability	$ 21,820,769	$ 12,569,348	$ 4,831,327

NOTE 11 PENSION PLANS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

Municipal Firefighters':

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Sponsor's Net Pension Liability	$ 9,009,478	$ 4,451,828	$ 635,712

Municipal Police Officers':

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Sponsor's Net Pension Liability	$ 6,978,178	$ 2,452,787	$ (1,307,595)

Deferred Retirement Option Program (DROP)

The Plans permit the members to elect to receive retirement benefits while still employed and receiving a salary. Members are eligible upon reaching normal retirement. The participant's retirement benefits are credited into an individual member account and paid out to the member upon termination or retirement not to exceed a period of up to 60 months for the General Employees', Firefighters' and Police Officers' Plan. Amounts credited to the members' DROP accounts earn interest and remain in the pension plan's net assets until paid out. Amounts held in DROP accounts as of September 30, 2018 totaled $3,279,003 for the General Employees' Plan, $338,296 for the Firefighters' Plan, and $584,433 for the Police Officers' Plan.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined as of that date. The net pension liability recorded by the City as of September 30, 2018 consists of the following:

General Employees'	$ 12,569,348
Municipal Firefighters'	4,451,828
Municipal Police Officers'	2,452,787
Total Net Pension Liability	$ 19,473,963

NOTE 11 PENSION PLANS (CONTINUED)

Changes in Net Pension Liability

General Employees':

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2017	$ 83,493,698	$ 68,289,931	$ 15,203,767
Changes for the Year:			
Service Cost	1,100,750	-	1,100,750
Interest	6,084,568	-	6,084,568
Change in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(865,698)	-	(865,698)
Changes of Assumptions	836,005	-	836,005
Contributions - Employer	-	3,221,324	(3,221,324)
Contributions - Employee	-	700,047	(700,047)
Net Investment Income	-	6,014,674	(6,014,674)
Benefit Payments, Including Refunds of Employee Contributions	(4,719,393)	(4,708,540)	(10,853)
Administrative Expenses	-	(156,854)	156,854
Net Changes	2,436,232	5,070,651	(2,634,419)
Balance at September 30, 2018	$ 85,929,930	$ 73,360,582	$ 12,569,348

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 85.37%

Municipal Firefighters':

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2017	$ 35,454,591	$ 30,508,025	$ 4,946,566
Changes for the Year:			
Service Cost	1,058,208	-	1,058,208
Interest	2,734,227	-	2,734,227
Change in Excess State Money	-	-	-
Difference Between Expected and Actual Experience	17,965	-	17,965
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,240,969	(1,240,969)
Contributions - State	-	341,245	(341,245)
Contributions - Employee	-	370,069	(370,069)
Net Investment Income	-	2,435,714	(2,435,714)
Benefit Payments, Including Refunds of Employee Contributions	(2,455,649)	(2,455,648)	(1)
Administrative Expenses	-	(82,860)	82,860
Net Changes	1,354,751	1,849,489	(494,738)
Balance at September 30, 2018	$ 36,809,342	$ 32,357,514	$ 4,451,828

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 87.91%

NOTE 11 PENSION PLANS (CONTINUED)

Changes in Net Pension Liability (Continued)

Municipal Police Officers':

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2017	$ 36,216,387	$ 32,559,224	$ 3,657,163
Changes for the Year:			
Service Cost	843,956	-	843,956
Interest	2,769,998	-	2,769,998
Change in Excess State Money	-	-	-
Difference Between Expected and Actual Experience	(216,491)	-	(216,491)
Changes of Assumptions	-	-	-
Contributions - Employer	-	626,513	(626,513)
Contributions - State	-	433,238	(433,238)
Contributions - Employee	-	376,478	(376,478)
Net Investment Income	-	3,225,778	(3,225,778)
Benefit Payments, Including Refunds of Employee Contributions	(2,147,670)	(2,138,286)	(9,384)
Administrative Expenses	-	(69,552)	69,552
Net Changes	1,249,793	2,454,169	(1,204,376)
Balance at September 30, 2018	$ 37,466,180	$ 35,013,393	$ 2,452,787

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.45%

For the year ended September 30, 2018, the City recognized a Pension expense of $3,191,233 for General Employees, $1,162,963 for Municipal Firefighters, and $1,003,506 for Municipal Police Officers.

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

On September 30, 2018, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

General Employees':

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 144,876	$ 577,132
Changes of Assumptions	1,421,107	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,917,853
Total	$ 1,565,983	$ 2,494,985

NOTE 11 PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Municipal Firefighters':

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 346,224	$ 56,340
Changes of Assumptions	635,990	252,768
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	427,928
Total	$ 982,214	$ 737,036

Municipal Police Officers':

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 712,815	$ 256,948
Changes of Assumptions	562,899	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	999,618
Total	$ 1,275,714	$ 1,256,566

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

General Employees':

Year Ended September 30,	Amount
2019	$ 899,771
2020	(903,286)
2021	(749,616)
2022	(175,871)
Thereafter	-

Municipal Firefighters':

Year Ended September 30,	Amount
2019	$ 118,639
2020	(224,967)
2021	(35,088)
2022	161,300
2023	175,145
Thereafter	50,149

NOTE 11 PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Municipal Police Officers':

Year Ended September 30	Amount
2019	$ 490,843
2020	(54,444)
2021	(225,132)
2022	(192,119)
Thereafter	-

Other Retirement Plans

In addition to the three defined benefit plans, the City offers employees two Internal Revenue Code (IRC) Section 457 plans.

The City also provides pension benefits through a defined contribution IRC Section 401(a) profit sharing plan to Directors and the City Manager in lieu of participating in the general employees' pension. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees that participate in the plan are required to contribute 10% of their salary. Effective September 25, 2017, Resolution R-17-46 changed the City's contribution rate to 15% of the employee's gross pay. The City's contribution for each employee (and interest allocated to the employee's account) is fully vested upon contribution. The City Council by ordinance maintains the authority to establish new and amend existing benefit provision of the plan and contribution requirements. The City's contributions to this IRC Section 401(a) plan for the year ended September 30, 2018 were approximately $93,555.

The City also has a pre-tax defined contribution plan that became effective for non-Police and non-Fire employees hired on or after November 20, 2017. Normal retirement age is 60 and early retirement age is 55. The City contributes 7.5% while employees are required to contribute 3% of pay to the Plan. For the year ended September 30, 2018, the City contributed $48,583. Employees vest at a rate of 20% per year. A participant who separates from service prior to obtaining full vesting (five years) shall forfeit that percentage of the City's contribution account balance that has not yet been vested. Forfeited amounts will be used to offset future City contributions required in succeeding plan years and investment advisory services. The amount of forfeitures available at September 30, 2018 was $3,125.

NOTE 12 POSTEMPLOYMENT HEALTH CARE BENEFITS

The City is obligated to make available to qualified retired employees the option to maintain coverage with the group health, life and dental insurance plans.

Plan Description

The City of Winter Haven's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical and life insurance coverage as a participant in the City's Plan.

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The City subsidizes retiree health premiums at a rate determined by the City. The retiree is responsible for paying the remaining active monthly premium for health and coverage and that of any covered spouse or eligible dependents.

The City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The plan does not issue a publicly available financial report.

For the Postemployment Health Care Benefits Plan, contribution requirements of the City are established and may be amended through the City. The plan is currently being funded on a pay-as-you-go basis. No trust or agency fund has been established for the plan. The plan does not issue a separate financial report.

Employees Covered by Benefit Terms

At September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	105
Active plan members	441
Total	546

NOTE 12 POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Total OPEB Liability

The City's Total OPEB liability was measured as of September 30, 2018 and was determined by an actuarial valuation as of September 30, 2018. The following table shows the City's total OPEB liability for the year ended September 30, 2018.

	Total OPEB Liability
Balances - October 1, 2017	$ 29,353,195
Changes for the Year:	
Service Cost	1,425,372
Interest	1,107,069
Changes in Assumptions	(2,792,012)
Benefit Payments	(735,779)
Net Changes	(995,350)
Balances - September 30, 2018	$ 28,357,845

Discount Rate Sensitivity

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	3.18 %	4.18 %	5.18 %
Total OPEB Liability	$ 33,865,816	$ 28,357,845	$ 24,103,738

Healthcare Trend Rate Sensitivity

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

Description	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB Plan Healthcare Cost Rate	7% decreasing to 3%	8% decreasing to 4%	9% decreasing to 5%
Total OPEB Liability	$ 23,768,579	$ 28,357,845	$ 34,353,093

NOTE 12 POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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

For the year ended September 30, 2018, the City recognized OPEB expense of $2,077,105. In addition, the City reported deferred inflows of resources of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 2,326,514

Amounts reported as deferred inflows of resources related to OPEB will be amortized over 5 years and will be recognized as follows:

Year ended September 30:	
2019	$ (465,335)
2020	(465,335)
2021	(465,335)
2022	(465,335)
2023	(465,174)

Actuarial Assumptions

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Healthcare Cost Trend Rates	Initial rate of 8% in fiscal 2019, grading down to the ultimate trend rate of 4% in fiscal 2073.

Salary Inflation

Credited Service	General Pension Plans and 401a Employees	Fire Pension Plan Employees	Police Pension Plan Employees
First Year	11.00%	15.00%	17.00%
Years 2-10	5.00%	8.00%	5.50%
Greater than 10 Years	4.00%	5.00%	4.00%

NOTE 12 POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial cost method used was the Entry Age Cost method.

Mortality rates were based on the RP-2000 Mortality Table fully generational using Scale BB.

The discount rate used to measure the total OPEB liability was 4.18%, based on yield for 20-year general obligation bond index.

The following changes have been made since the prior valuation:

- The census data was collected as of September 30, 2018 and is representative of the population as of that date. The census reflects changes to the population for the 36-month period prior to September 30, 2018.

- The annual per capita claims costs and premium rates were developed based on those effective for the 2019 fiscal year.

- Health care inflation rates were updated to reflect recent healthcare trend rate surveys, blended with the Getzen model published by the Society of Actuaries.

- The GASB 75 discount rate as of the measurement date is 4.18%. The GASB 75 discount rate is based on the 20-year municipal bond rate published as of the measurement date (September 27, 2018).

- Mortality rates align with those used in the July 1, 2017 actuarial valuation of the Florida Retirement System (FRS) to better anticipate future mortality. The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System.

- Retirement, Termination and Disability rates align with those used in recent corresponding pension actuarial valuations.

- Salary increase rates align with those used in recent corresponding pension actuarial valuations.

- Actives are assumed to elect retiree health coverage at a rate of 50%, with 30% electing spouse coverage.

NOTE 13 LEASES

The City is the lessor of various types of commercial buildings and airport hangars over periods ranging from month to month to thirty years. All of the City's leases are classified as operating leases. For the year ended September 30, 2018, the City received rent revenue from noncancellable operating leases of $147,756. The following schedule presents minimum future rentals from noncancellable operating leases:

Year Ending September 30,	Amount
2019	$ 102,218
2020	82,332
2021	41,880
2022	31,080
2023	27,240
Thereafter	189,179
Total	$ 473,929

At September 30, 2018, the value of the buildings and hangars held for leasing was as follows:

Land	$ 83,906
Buildings and Hangars	2,929,224
Building Improvements	2,173,863
Total	5,186,993
Less: Accumulated Depreciation	(3,060,398)
Net Book Value	$ 2,126,595

NOTE 14 COMMITMENTS AND CONTINGENCIES

Federal and State Grant Programs

The City participates in several federal and state programs. Grant programs are subject to financial and compliance audits by the grantors or their representatives. The grantor audits of all programs for or including the year ended September 30, 2018 have not been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

Various suits and claims, arising in the ordinary course of the City's operations, are pending. These claims consist of suits involving loss of employment and discrimination. Management does not expect the resolution of these matters to have a material effect on the City's financial statements.

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

The City routinely enters into various construction commitments. At September 30, 2018, the City had the following outstanding major construction commitments in process:

Project	Project Authorization	Expended in Prior Years	Expended in September 30, 2018	Commitment
Governmental Activities:				
Police Property and Evidence Building	$ 236,380	$ -	$ 175,084	$ 61,296
Runway 11/29 Rehabilitation	1,534,373	-	-	1,534,373
Runway 11/29 Lighting	579,927	-	-	579,927
Senior Adult Center Renovations	276,232	-	-	276,232
Lake Maude Recreation Complex	4,651,019	-	4,129,645	521,374
7th Street Reconstruction	2,635,999	-	429,278	2,206,721
South Central Park & Streetscape Improvements	3,926,904	251,174	3,171,163	504,567
Total Governmental Activities	$ 13,840,834	$ 251,174	$ 7,905,170	$ 5,684,490
Business-Type Activities:				
WWTP #2 Automated Aeration Control System	$ 439,000	$ -	$ -	$ 439,000
WWTP #3 Mechanical Bar Screen	836,815	-	314,261	522,554
WWTP #3 Sand Filter Addition	1,333,011	204,574	767,383	361,054
Fiber Conduit- Highway 27	1,383,650	-	788,516	595,134
Total Business-Type Activities	$ 3,992,476	$ 204,574	$ 1,870,160	$ 1,917,742

Contingencies

No accrual has been made in the financial statements for contingencies related to claims not yet asserted, because the amount cannot be reasonably estimated. In management's opinion, any such claims, if asserted, would not have a material adverse effect on the operations or financial position of the City.

NOTE 15 TAX ABATEMENTS

The City determined that it is desirable to facilitate redevelopment opportunities within the Florence Villa and Downtown Community Redevelopment Areas of the City through tax increment rebatement and other incentives. The development incentives are consistent with the Community Redevelopment Plans for the two CRA Districts and are in compliance with Florida State Statutes 163, Part III and 163.370(1)(d), Resolution R-00-19. A Summary description of the incentives available is as follows:

- **Real Estate Development Accelerator (REDA)** - This incentive targets large-scale development projects that enhance the economic diversity of the Florence Villa Community Redevelopment and/or Downtown Community Redevelopment Areas and are anticipated to increase, by $5 million or more, the ad valorem Taxable Value within the Florence Villa Community Redevelopment and/or Downtown Community Redevelopment Areas. This incentive can be utilized in the form of a land purchase price mark-down, tax increment financing rebates or similar types of assistance. Each project is negotiated on an individual basis.

NOTE 15 TAX ABATEMENTS (CONTINUED)

- **Housing Investment Program (HIP)** - This incentive targets developers of new housing units, renovations of existing housing units that increase the taxable value of the project by at least 100%, and for sale/for rent residential projects investing at least $2 million dollars. Projects could qualify for a $5,000 per unit incentive for market-rate housing. An additional $5,000 incentive could be provided for each affordable unit constructed with the maximum number of affordable units not to exceed 20% of the number of units of the project.

- **Facade and Exterior Improvement Program (for Developers)** - A reimbursement program which provides reimbursement of up to 50% of the cost of facade improvements. The maximum reimbursement is $25,000.

- **Commercial Redevelopment** - Redevelopment of existing commercial buildings within the Downtown Community Redevelopment and/or Florence Villa Community Redevelopment Areas that will increase the ad valorem taxable value by at least 100%. A factor in qualifying for this incentive is the degree to which the project retains authentic character and appearance deemed desirable. Qualifying projects may be eligible for a rebate of 50% of the tax increment created by the renovation for up to 10 years.

- **Capital Improvement Grant Program** - Annual reimbursement of tax increment revenue, up to 50% of the previous year annual "interest only" portion on the principal amount of a loan obtained for rehabilitation or renovation of a project located in the Downtown Community Redevelopment and/or Florence Villa Community Redevelopment Areas. Amortized points, fees and closing costs are not reimbursable. Loans from participating lenders would be based on the lower of the prime rate or actual loan interest rate. The maximum reimbursement is based on the annual amount of tax increment revenue actually received by the City and/or CRA from the project.

At the conclusion of fiscal year 2018, the City had the following economic incentive agreements outstanding:

1. **Physician's Partnership**
   A December 9, 2013 development agreement with Physician's Partnership for the development of a 11,440 square foot medical office building located in the Downtown CRA District. Physicians Partnership annually receives 100% of the County's tax increment paid on this structure. The payments will be continued until $239,107 has been amortized. The current year amount applicable is $15,786. In addition, the City paid $35,691 water and sewer impact fees on behalf of Physician's Partnership.

2. **First Street North LLC**
   This agreement approved by the City Commission in March 2017 will rebate 60% of the annual tax increment actually received by the City for a period of ten years. The incentive was approved for the construction of a Bond Clinic facility on First Street North.

NOTE 15 TAX ABATEMENTS (CONTINUED)

3. **Six-Ten Development Agreement**
   The Six-Ten Corporation plans to build 128 market rate apartments in four downtown locations with an investment of $21 million. Six-Ten will be due a tax rebate of up to $5,000 per unit.

4. **Taylor Hotel, LLC**
   Taylor Hotel is redeveloping three vacant buildings on Central Avenue and 3rd Street SW into a new 75-room hotel with food, beverage and limited retail use. The agreement, approved by the City Commission in October 2017 allows for a 50% rebate of the actual tax increment revenue received for 10 years, or for as long as the CRA exists, whichever is earlier, not to exceed $308,002.

5. **Dundee Self Storage LLC**
   Resolution R-16-01 entitles Dundee Self Storage to a rebate of 50% of the actual façade improvements at 335 Magnolia Avenue, up to $15,000. The annual rebate will continue for 10 years, or for as long as the CRA exists, but shall not exceed 100% of the actual tax increment revenue generated from the improvements. This agreement was approved by the City Commission in October 2017.

NOTE 16 INTERLOCAL AGREEMENT WITH POLK COUNTY

On May 17, 2017, the City entered into an interlocal agreement with Polk County. The County will pay the City amounts equal to semi-annual principal and interest payments on a total amount of $10,000,000 of debt incurred by the City to finance a new facility and improvements at the Chain o' Lakes Complex over a period of 20 years. The City issued the 2017 Non Ad Valorem bonds on August 16, 2017, as described in Note 9, to finance the project. The City and County will mutually determine the configuration and siting of the new facility and will share in sponsorship revenue.

NOTE 17 JOINT VENTURE

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

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

Membership Fees – The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2018, the total annual working capital needs of the PRWC was $195,000 of which the City's proportionate share was $14,119.

Combined Projects Funding – The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of $22,906,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments. The City's required contribution for the combined projects totaled $1,095,827 and is reported as a nonoperating expense in the enterprise fund statement of revenues, expenses, and changes in fund net position for the year ended September 30, 2018.

NOTE 17 JOINT VENTURE (CONTINUED)

Litigation – The PRWC is involved with ongoing litigation with SWFWMD and the Peace Creek Manasota Regional Water Supply Authority. These litigation costs are being funded by the Member Governments based upon their pro-rata share of water use as compared to the water use of all Member Governments. The City's cost for this litigation for the year ended September 30, 2018 totaled $62,433.

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

NOTE 18 PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This change requires the restatement of the September 30, 2017 net position as follows:

	Governmental Activities	Business-Type Activities	Water and Sewer	Solid Waste	Other Enterprise Funds	Internal Service Funds
Net Position, September 30, 2017, as Previously Reported	$ 40,258,349	$ 55,994,668	$ 46,655,405	$ 3,134,563	$ 7,069,403	$ (1,330,709)
Cumulative Effect of Application of GASB 75	(9,295,525)	(4,665,571)	(3,371,179)	(1,182,617)	(111,775)	(488,199)
Net Position, September 30, 2018, as Restated	$ 30,962,824	$ 51,329,097	$ 43,284,226	$ 1,951,946	$ 6,957,628	$ (1,818,908)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2018

Retirement System – Defined Benefit Plan

The following presents the changes in the employer's net pension liability:

General Employees' for the Years Ended September 30:

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	$ 1,100,750	$ 1,064,435	$ 1,244,642	$ 1,217,350	$ 1,262,098
Interest	6,084,568	5,928,154	5,727,485	5,599,457	5,391,437
Change in Benefit Terms	-	(2,607,103)	-	-	-
Difference Between Expected and Actual Experience	(865,698)	434,635	1,243,148	(701,805)	-
Changes of Assumptions	836,005	2,591,313	2,026,654	723,201	705,471
Benefit Payments, Including Refunds	(4,719,393)	(4,905,122)	(4,785,641)	(3,755,355)	(3,789,392)
Net Change in Total Pension Liability	2,436,232	2,506,312	5,456,288	3,082,848	3,569,614
Total Pension Liability - Beginning	83,493,698	80,987,386	75,531,098	72,448,250	68,878,636
Total Pension Liability - Ending (A)	$ 85,929,930	$ 83,493,698	$ 80,987,386	$ 75,531,098	$ 72,448,250
Plan Fiduciary Net Position					
Contributions - Employer	$ 3,221,324	$ 3,452,742	$ 4,177,044	$ 3,673,711	$ 3,711,480
Contributions - State	-	-	-	-	-
Contributions - Employee	700,047	920,969	1,039,335	933,696	967,961
Net Investment Income	6,014,674	7,682,616	5,132,137	605,140	5,418,479
Benefit Payments, Including Refunds	(4,708,540)	(4,905,122)	(4,785,641)	(3,755,355)	(3,797,392)
Administrative Expense	(156,854)	(170,306)	(147,550)	(142,670)	(125,730)
Net Change in Plan Fiduciary Net Position	5,070,651	6,980,899	5,415,325	1,314,522	6,174,798
Plan Fiduciary Net Position - Beginning	68,289,931	61,309,032	55,893,707	54,579,185	48,404,387
Plan Fiduciary Net Position - Ending (B)	$ 73,360,582	$ 68,289,931	$ 61,309,032	$ 55,893,707	$ 54,579,185
Net Pension Liability - Ending (A) - (B)	$ 12,569,348	$ 15,203,767	$ 19,678,354	$ 19,637,391	$ 17,869,065
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.37%	81.79%	75.70%	74.00%	75.34%
Covered Payroll	$ 9,456,212	$ 9,694,044	$ 10,940,741	$ 11,033,219	$ 10,189,066
Net Pension Liability as a Percentage of Covered Payroll	132.92%	156.84%	179.86%	177.98%	175.37%

Changes of Benefit Terms:

For measurement date September 30, 2017, amounts reported as changes of benefit terms resulted from Ordinance O-17-25, adopted and effective October 23, 2017, closed the Plan to general employees hired on or after November 20, 2017.

Retirement System – Defined Benefit Plan (Continued)

Changes of Assumptions:

For measurement date September 30, 2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.40% to 7.30%.

For 2017, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Table, projected to the valuation date using scale AA, to the mortality table used by the Florida Retirement System actuary in the July 1, 2016 actuarial valuation for non-special-risk employees.

As described in the March 31, 2017 Actuarial Impact Statement, the following assumption changes are utilized in conjunction with passage of Ordinance O-17-25:

1. Normal Retirement Date – For members who have currently attained age 40 with at least 10 years of Credited Service, no change to the current assumption. For Members who do not currently meet the age 40 with 10 or more years of credited service requirements, 100% assumed retirement upon first eligibility.
2. Early Retirement Date – Maintain the current assumption for all Members, i.e., an assumed 5% retirement for each year of eligibility.
3. Vested Terminated Members – Commencement Date for Benefit Payments. For members who have currently attained age 40 with at least 10 years of credited service, no change to the current assumption, i.e. age 55 unreduced, or age 50, reduced as for early retirement. For members who do not currently meet the age 40 with 10 or more years of credited service requirements, age 60 unreduced, or age 55, reduced as for early retirement.
4. Investment Return – In conjunction with the March 31, 2017 actuarial impact statement, a reduction from 7.70% to 7.50%. Additionally, the Board of Trustees elected further reductions according to the following schedule:

Valuation Date	Investment Return Assumption
October 1, 2017	7.4%
October 1, 2018	7.3%
October 1, 2019	7.2%
October 1, 2020	7.1%
October 1, 2021	7.0%

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For the measurement date September 30, 2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.70%.

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

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2018

Retirement System – Defined Benefit Plan (Continued)

Municipal Firefighters' for the Years Ended September 30:

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	$ 1,058,208	$ 1,083,811	$ 981,995	$ 960,946	$ 930,014
Interest	2,734,227	2,583,788	2,345,959	2,192,966	2,163,683
Change in Excess State Money	-	(981,312)	135,110	134,190	150,505
Difference Between Expected and Actual Experience	17,965	365,252	90,497	(101,413)	-
Changes of Assumptions	-	-	1,017,583	-	(884,685)
Contributions - Employee	-	55,704	-	-	-
Benefit Payments, Including Refunds	(2,455,649)	(1,778,717)	(1,159,453)	(1,039,426)	(939,873)
Net Change in Total Pension Liability	1,354,751	1,328,526	3,411,691	2,147,263	1,419,644
Total Pension Liability - Beginning	35,454,591	34,126,065	30,714,374	28,567,111	27,147,467
Total Pension Liability - Ending (A)	$ 36,809,342	$ 35,454,591	$ 34,126,065	$ 30,714,374	$ 28,567,111
Plan Fiduciary Net Position					
Contributions - Employer	$ 1,240,969	1,515,857	1,586,480	1,333,181	$ 1,372,178
Contributions - State	341,245	328,419	323,495	322,575	338,890
Contributions - Employee	370,069	443,832	402,477	364,180	356,596
Net Investment Income	2,435,714	3,107,129	2,208,912	85,409	2,087,278
Benefit Payments, Including Refunds	(2,455,648)	(1,778,717)	(1,159,453)	(1,039,427)	(939,873)
Administrative Expense	(82,860)	(77,351)	(71,825)	(66,436)	(64,399)
Net Change in Plan Fiduciary Net Position	1,849,489	3,539,169	3,290,086	999,482	3,150,670
Plan Fiduciary Net Position - Beginning	30,508,025	26,968,856	23,678,770	22,679,288	19,528,618
Plan Fiduciary Net Position - Ending (B)	$ 32,357,514	$ 30,508,025	$ 26,968,856	$ 23,678,770	$ 22,679,288
Net Pension Liability - Ending (A) - (B)	$ 4,451,828	$ 4,946,566	$ 7,157,209	$ 7,035,604	$ 5,887,823
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.91%	86.05%	79.03%	77.09%	79.39%
Covered Payroll	$ 3,700,691	3,902,070	4,003,979	3,909,235	$ 3,565,959
Net Pension Liability as a Percentage of Covered Payroll	120.30%	126.77%	178.75%	179.97%	165.11%

Changes of Benefit Terms:

For measurement date September 30, 2017, the following plan changes were made:
Pursuant to a Mutual Consent Agreement between the Plan membership and City under Chapter 2015-39, Laws of Florida, $846,202.72 of the Excess State Monies Reserve is applied as a credit to the Unfunded Actuarial Accrued Liability.

Additionally, the City may use all future Chapter 175 Premium Tax Revenue for meeting its funding obligation to the Firefighters' Retirement System. Based on the agreements, $135,109 of the remaining portion of the Excess State Monies Reserve is set aside as a prepaid City contribution. Furthermore, a Share Plan was established but is currently not funded under the current Mutual Consent Agreement.

Retirement System – Defined Benefit Plan (Continued)

Changes of Assumptions:
For measurement date September 30, 2016, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System actuary in the July 1, 2016 actuarial valuation. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

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

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2018

Retirement System – Defined Benefit Plan (Continued)

Municipal Police Officers' for the Years Ended September 30:

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	$ 843,956	$ 853,283	$ 793,963	$ 776,050	$ 801,709
Interest	2,769,998	2,581,169	2,417,435	2,346,583	2,248,123
Change in Excess State Money	-	-	(28,857)	21,977	6,879
Difference Between Expected and Actual Experience	(216,491)	1,188,026	(203,836)	(11,110)	-
Changes of Assumptions	-	-	1,200,550	152,399	313,191
Benefit Payments, Including Refund	(2,147,670)	(2,148,969)	(2,133,049)	(1,808,907)	(1,611,524)
Net Change in Total Pension Liability	1,249,793	2,473,509	2,046,206	1,476,992	1,758,378
Total Pension Liability - Beginning	36,216,387	33,742,878	31,696,672	30,219,680	28,461,302
Total Pension Liability - Ending (A)	$ 37,466,180	$ 36,216,387	$ 33,742,878	$ 31,696,672	$ 30,219,680
Plan Fiduciary Net Position					
Contributions - Employer	$ 626,513	602,998	704,008	725,579	$ 1,314,419
Contributions - State	433,238	387,358	369,988	321,673	306,575
Contributions - Employee	376,478	369,604	388,964	349,588	344,499
Net Investment Income	3,225,778	3,614,442	2,288,900	(99,825)	3,499,732
Benefit Payments, Including Refunds	(2,138,286)	(2,148,970)	(2,133,049)	(1,808,906)	(1,611,524)
Administrative Expense	(69,552)	(57,811)	(55,026)	(49,560)	(48,688)
Net Change in Plan Fiduciary Net Position	2,454,169	2,767,621	1,563,785	(561,451)	3,805,013
Plan Fiduciary Net Position - Beginning	32,559,224	29,791,603	28,227,818	28,789,269	24,984,256
Plan Fiduciary Net Position - Ending (B)	$ 35,013,393	$ 32,559,224	$ 29,791,603	$ 28,227,818	$ 28,789,269
Net Pension Liability - Ending (A) - (B)	$ 2,452,787	$ 3,657,163	$ 3,951,275	$ 3,468,854	$ 1,430,411
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.45%	89.90%	88.29%	89.06%	95.27%
Covered Payroll	4,609,577	4,507,362	4,744,893	4,321,215	$ 4,201,204
Net Pension Liability as a Percentage of Covered Payroll	53.21%	81.14%	83.27%	80.27%	34.05%

Changes of Assumptions:

For measurement date September 30, 2016, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System actuary in the July 1, 2016 actuarial valuation The inflation assumption rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date September 30, 2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.80% to 7.70%.

For measurement date September 30, 2014, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.90% to 7.80%.

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

Retirement System – Defined Benefit Plan (Continued)

The following information presents a schedule of contributions:

General Employees' Pension

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 3,227,405	$ 3,221,324	$ 6,081	$ 9,456,212	34.07%
2017	3,429,753	3,452,742	(22,989)	9,694,044	35.62%
2016	4,172,799	4,177,044	(4,245)	10,940,741	38.18%
2015	3,673,711	3,673,711	-	11,033,219	33.30%
2014	4,120,459	3,711,480	408,979	10,189,066	36.43%
2013	3,693,642	3,694,547	(905)	10,288,697	35.91%

Municipal Firefighters' Pension

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 1,638,296	$ 1,582,214	$ 56,082	$ 3,700,691	42.75%
2017	1,702,083	1,979,385	(277,302)	3,902,070	50.73%
2016	1,785,374	1,774,865	10,509	4,003,979	44.33%
2015	1,580,540	1,591,049	(10,509)	3,909,235	40.70%
2014	1,514,462	1,560,563	(46,101)	3,565,959	43.76%
2013	1,484,155	1,489,635	(5,480)	3,587,515	41.52%

Municipal Police Officers' Pension

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 1,143,636	$ 1,059,751	$ 83,885	$ 4,609,577	22.99%
2017	901,022	990,355	(89,333)	4,507,362	21.97%
2016	1,053,841	1,073,994	(20,153)	4,744,893	22.63%
2015	1,061,555	1,107,123	(45,568)	4,321,215	25.62%
2014	1,515,794	1,614,115	(98,321)	4,201,204	38.42%
2013	1,566,442	1,587,016	(20,574)	4,161,643	38.13%

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

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

The following are the methods and assumptions used to determine the contribution rates:

	General Employees' Pension
Valuation Date	10/1/2016
Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	30 Years as of October 1, 2016
Mortality Rate	*Healthy Lives:* Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 50% Annuitant White Collar /50% Annuitant Blue Collar, Scale BB. *Disabled Lives:* Female: 100% RP2000 Disabled Female set forward two years. Male: 100% RP2000 Disabled Male set back four years.
Inflation	2.5% per year
Interest Rate	7.7% per year, compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Termination Rates

Credited Service	Termination Probability
First Year	30.0%
Years 2-10	13.0%
Years 11-20	5.0%
Greater than 20 Years	1.0%

Normal Retirement

Number of Years after first Eligible	Retirement Probability
0	50%
1-3	25%
4	50%
5 or more	100%

This assumption is supported by an experience study issued on May 12, 2014, analyzing plan experience from valuations performed from October 1, 1988 to October 1, 2013.

Early Retirement: Commencing upon eligibility for Early Retirement (50 & 10), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is supported by an experience study issued on May 12, 2014, analyzing plan experience from valuations performed from October 1, 1988 to October 1, 2013.

Cost-of-Living: 0.5% for 10 years, beginning one year after retirement. Applicable for all categories except vested terminated members.

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions (Continued)

General Employees' Pension (Continued)

Salary Increases

Credited Service	Assumption
First Year	11.0%
Years 2-10	5.0%
Greater than 10	4.0%

This assumption is supported by an experience study issued on May 12, 2014, analyzing plan experience from valuations performed from October 1, 1988 to October 1, 2013.

Final Year Salary Load

Service as of 10/1/2012	Final Salary Load
Less than 1 Year	0%
1 to 5 Years	5%
5 to 10 Years	10%
Greater than 10 Years	15%

This assumption was developed based on expectations of unused sick and annual leave time for impacted actives.

Disability Rates

Age	Rates
20	0.05%
30	0.06%
40	0.12%
50	0.43%

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Payroll Increase

0.0%, in compliance with Part VII of Chapter 112, Florida Statutes.

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions (Continued)

	Municipal Firefighters' Pension
Valuation Date	10/1/2016
Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	26 Years as of October 1, 2016
Mortality	*Healthy Lives:* Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. *Disabled Lives:* Female: 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale.
Inflation	2.5% per year
Interest Rate	7.75% per year compounded annually, net of investment related expenses. This assumption is supported by the Plan's investment policy and long-term expected returns by asset class.

Termination Rates

Credited Service	Termination Probability
Less than 5 Years	7.0%
5 or more Years	1.0%

The above rates are based on the results of an Experience Study for the period October 1, 1991 through October 1, 2013.

Disability Rates

Members are assumed to become disabled at varying rates based on age. Sample rates are as follows:

Age	Probability
20	0.051%
30	0.058%
40	0.121%
50	0.429%

The above rates are based on the results of an Experience Study for the period October 1, 1991 through October 1, 2013.
Additionally, it is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service-related.

Termination Rate

Age	Disability Probability
Less than 5 Years	7.00%
5 or more Years	1.00%

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions (Continued)

Municipal Firefighters' Pension (Continued)

Normal Retirement

Number of Years after first Eligible	Retirement Probability
0	50%
1-4	25%
5 or more	100%

The above rates are based on the results of an Experience Study for the period October 1, 1991 through October 1, 2013.

Retirement Age

Earlier of age 55 and 10 years of service or 25 years of service regardless of age.

Early Retirement

Commencing with the earliest Early Retirement Age (45), members are assumed to retire with an immediate subsidized benefit at the rate of 1%. This assumption is based on the results of an Experience Study for the period October 1, 1991 through October 1, 2013.

Salary Increases

Service	Assumption
First Year	15%
Years 2-10	8%
Greater than 10 Years	5%

The above rates are based on the results of an Experience Study for the period October 1, 1991 through October 1, 2013.
Additionally, the projected salary in the year of retirement is increased as shown below, supported by data provided by the City:

Service as of 10/1/12	Final Salary Load Assumption
Less than 1 Year	0%
1 to 10 Years	5%
10 to 20 Years	10%
Greater than 20 Years	15%

Payroll Growth

4.78% per year for amortization of the Unfunded Actuarial Accrued Liability. By Florida statute, this assumption cannot exceed the actual ten-year payroll growth average as of the valuation date.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions (Continued)

	Municipal Police Officers' Pension
Valuation Date	10/1/2016
Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	26 Years (as of 10/01/2016 Valuation).
Mortality Rate	*Healthy Lives:* Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. *Disabled Lives:* Female: 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale.
Inflation	2.5% per year
Interest Rate	7.7% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Termination Rates

Credited Service	Termination Probability
Less than 5 Years	20.0%
Years 5-10	7.5%
Greater than 10	4.0%

The assumed rates of termination were approved in conjunction with an actuarial experience study dated May 12, 2014.

Normal Retirement

Number of Years after first Eligible	Retirement Probability
0	50%
1-4	25%
5 or more	100%

The assumed rates of normal retirement were approved in conjunction with an actuarial experience study dated May 12, 2014.

Early Retirement

Commencing with the earliest Early Retirement Age (50 with 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
The assumed rate of early retirement was approved in conjunction with an actuarial experience study dated May 12, 2014.

Cost-of-Living

0.5% for 10 years, beginning one year after retirement. Applicable for all categories except vested terminated members.

Salary Increases

Credited Service	Assumption
First Year	17.0%
Years 2-10	5.5%
Greater than 10 Years	4.0%

The assumed rates of normal retirement were approved in conjunction with an actuarial experience study dated May 12, 2014.

Retirement System – Defined Benefit Plan (Continued)

Notes to the Schedule of Contributions (Continued)

Municipal Police Officers' Pension (Continued)

Final Year Salary Load

Service as of 10/1/2012	Final Salary Load
Less than 1 Year	0%
1 to 5 Years	5%
5 to 10 Years	10%
Greater than 10 Years	15%

These assumptions were based on data provided by the City.

Disability Rates

Age	Rates
20	0.03%
30	0.04%
40	0.07%
50	0.18%

It is assumed that 75% of Disability Retirements and Pre-Retirement Deaths are service related. The assumed rates of disablement were developed from those used by other plans containing Florida municipal Police Officers.

Asset Smoothing Methodology

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.

Payroll Growth

2.9% per year. This is in compliance with Part VII of Chapter 112, Florida Statutes.

Retirement System – Defined Benefit Plan (Continued)

The following presents the annual money-weighted rate of return, net of investment expenses:

General Employees' Pension	
Fiscal Year Ended September 30	Rate
2018	8.70%
2017	12.41%
2016	9.07%
2015	0.60%
2014	10.95%
2013	15.82%

Municipal Firefighters' Pension	
Fiscal Year Ended September 30	Rate
2018	7.98%
2017	11.48%
2016	9.19%
2015	0.32%
2014	10.47%
2013	14.27%

Municipal Police Officers' Pension	
Fiscal Year Ended September 30	Rate
2018	10.04%
2017	12.33%
2016	8.27%
2015	-0.35%
2014	14.04%
2013	9.68%

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

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2018

	2018
Total OPEB Liability	
Service Cost	$ 1,425,372
Interest	1,107,069
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	(2,792,012)
Benefit Payments	(735,779)
Net Change in Total OPEB Liability	(995,350)
Total OPEB Liability - Beginning	29,353,195
Total OPEB Liability - Ending	$ 28,357,845
Covered Employee Payroll	$ 21,319,811
Total OPEB Liability as a percentage of the Covered Employee Payroll	133.01%

Notes to schedule:

The OPEB plan is not administered through a trust, and there are no assets accumulated in trust for payment of benefits.

Benefit changes: There have been no substantive plan provision changes since the last full valuation.

Changes in assumptions: The following assumptions have been updated in accordance with GASB 75.

- The census data was collected as of September 30, 2018 and is representative of the population as of that date. The census reflects changes to the population for the 36-month period prior to September 30, 2018.
- The annual per capita claims costs and premium rates were developed based on those effective for the 2019 fiscal year.
- Health care inflation rates were updated to reflect recent healthcare trend rate surveys, blended with the Gatzen model published by the Society of Actuaries.
- Mortality rates align with those used in the July 1, 2017 actuarial valuation of the Florida Retirement System (FRS) to better anticipate future mortality. The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System.
- Retirement, Termination and Disability rates align with those used in recent corresponding pension actuarial valuations.
- Salary increase rates align with those used in recent corresponding pension actuarial valuations.
- Actives are assumed to elect retiree health coverage at a rate of 50%, with 30% electing spouse coverage.

Note: Information is required to be presented 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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018

	Special Revenue			
	Library	Cemetery	Community Development Grant	SHIP Grant
ASSETS				
Cash and Investments	$ 154,202	$ 306	$ -	$ 448,017
Investments - Reserved for Perpetual Care	-	472,026	-	-
Accounts Receivable	8,678	11,173	-	-
Due from Other Governments	7,560	-	7,697	-
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	-	-
Inventory	-	49,361	-	-
Prepaid Items	6,358	2,794	-	-
Total Assets	$ 176,798	$ 535,660	$ 7,697	$ 448,017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 8,350	$ 8,961	$ -	$ 15,999
Accrued Liabilities	22,399	5,682	-	-
Due to Other Funds	-	-	7,697	-
Due to Other Governments	-	-	-	-
Total Liabilities	30,749	14,643	7,697	15,999
Fund Balances:				
Nonspendable	6,358	52,155	-	-
Restricted	-	-	-	432,018
Committed	-	468,862	-	-
Assigned	139,691	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	146,049	521,017	-	432,018
Total Liabilities and Fund Balances	$ 176,798	$ 535,660	$ 7,697	$ 448,017

Special Revenue (Continued)				Debt Service	
Police Training Confiscation and Abandoned Property	Building Safety	Impact Fees	Federal Building	2007 Improvement Revenue Bonds	2011 Sales Tax Bond
$ 134,375	$ 2,975,252	$ 869,281	$ 23,410	$ 1,709,989	$ 685,022
-	-	-	-	-	-
-	-	-	10,792	-	-
-	6,073	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,138	-	10	-	-
$ 134,375	$ 2,983,463	$ 869,281	$ 34,212	$ 1,709,989	$ 685,022
$ 3,980	$ 32,587	$ -	$ 2,202	$ -	$ -
-	11,136	-	-	-	-
-	-	-	-	-	-
-	737,473	-	-	-	-
3,980	781,196	-	2,202	-	-
-	2,138	-	10	-	-
130,395	2,200,129	869,281	-	1,709,989	685,022
-	-	-	32,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
130,395	2,202,267	869,281	32,010	1,709,989	685,022
$ 134,375	$ 2,983,463	$ 869,281	$ 34,212	$ 1,709,989	$ 685,022

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2018

	Capital Projects		
	Capital Depletion	2007 Construction	Total All Nonmajor Governmental Funds
ASSETS			
Cash and Investments	$ 3,786,992	$ 312,676	$ 11,099,522
Investments - Reserved for Perpetual Care	-	-	472,026
Accounts Receivable	7,396	-	38,039
Due from Other Governments	-	-	21,330
Due from Other Funds	158,461	-	158,461
Advances to Other Funds	657,646	-	657,646
Inventory	-	-	49,361
Prepaid Items	-	-	11,300
Total Assets	$ 4,610,495	$ 312,676	$ 12,507,685
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 13,067	$ -	$ 85,146
Accrued Liabilities	-	-	39,217
Due to Other Funds	-	-	7,697
Due to Other Governments	-	-	737,473
Total Liabilities	13,067	-	869,533
Fund Balances:			
Nonspendable	-	-	60,661
Restricted	-	-	6,026,834
Committed	-	-	500,862
Assigned	4,597,428	312,676	5,049,795
Unassigned	-	-	-
Total Fund Balances	4,597,428	312,676	11,638,152
Total Liabilities and Fund Balances	$ 4,610,495	$ 312,676	$ 12,507,685

CITY OF WINTER HAVEN, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue			
	Library	Cemetery	Community Development Grant	SHIP Grant
REVENUES				
Intergovernmental	$ 390,957	$ -	$ 40,899	$ 170,133
Charges for Services	20,935	289,228	-	-
Fines and Forfeits	27,739	-	-	-
Miscellaneous:				
Rents	24,169	-	-	-
Net Change in Fair Value of Investments	3,074	7,744	-	9,760
Contributions	7,718	-	-	-
Other	6,365	2,438	-	7,000
Total Revenues	480,957	299,410	40,899	186,893
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Transportation	-	-	-	-
Human Services	-	447,495	40,899	299,293
Culture and Recreation	1,652,851	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Other Debt Service	-	-	-	-
Total Expenditures	1,652,851	447,495	40,899	299,293
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,171,894)	(148,085)	-	(112,400)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,324,183	250,792	-	-
Transfers Out	(213,013)	(16,250)	-	-
Total Other Financing Sources (Uses)	1,111,170	234,542	-	-
NET CHANGE IN FUND BALANCES	(60,724)	86,457	-	(112,400)
Fund Balances - Beginning of Year	206,773	434,560	-	544,418
FUND BALANCES - END OF YEAR	$ 146,049	$ 521,017	$ -	$ 432,018

Special Revenue (Continued)				Debt Service	
Police Training, Confiscation, and Abandoned Property	Building Safety	Impact Fees	Federal Building	2007 Improvement Revenue Bonds	2011 Sales Tax Bond
$ -	$ -	$ -	$ -	$ -	$ -
-	1,780,984	1,933,852	-	-	-
20,746	-	-	-	-	-
-	-	-	129,505	-	-
2,521	34,772	10,966	502	-	-
-	-	-	-	-	-
-	4,154	-	-	-	-
23,267	1,819,910	1,944,818	130,007	-	-
16,815	710,377	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	54,684	-	-
-	-	-	-	1,160,000	645,000
-	-	-	-	701,410	56,009
-	-	-	-	550	-
16,815	710,377	-	54,684	1,861,960	701,009
6,452	1,109,533	1,944,818	75,323	(1,861,960)	(701,009)
-	-	-	-	2,045,112	710,043
-	(15,405)	(1,835,000)	(80,000)	-	-
-	(15,405)	(1,835,000)	(80,000)	2,045,112	710,043
6,452	1,094,128	109,818	(4,677)	183,152	9,034
123,943	1,108,139	759,463	36,687	1,526,837	675,988
$ 130,395	$ 2,202,267	$ 869,281	$ 32,010	$ 1,709,989	$ 685,022

CITY OF WINTER HAVEN, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Capital Projects		
	Capital Depletion	2007 Construction	Total All Nonmajor Governmental Funds
REVENUES			
Intergovernmental	$ -	$ -	$ 601,989
Charges for Services	-	-	4,024,999
Fines and Forfeits	-	-	48,485
Miscellaneous:			
Rents	-	-	153,674
Net Change in Fair Value of Investments	83,785	2,063	155,187
Contributions	-	-	7,718
Other	-	-	19,957
Total Revenues	83,785	2,063	5,012,009
EXPENDITURES			
Current:			
Public Safety	1,594,908	-	2,322,100
Transportation	33,520	-	33,520
Human Services	-	-	787,687
Culture and Recreation	-	-	1,707,535
Debt Service:			
Principal Retirement	-	-	1,805,000
Interest and Fiscal Charges	-	-	757,419
Other Debt Service	-	-	550
Total Expenditures	1,628,428	-	7,413,811
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,544,643)	2,063	(2,401,802)
OTHER FINANCING SOURCES (USES)			
Transfers In	978,307	-	5,308,437
Transfers Out	-	-	(2,159,668)
Total Other Financing Sources (Uses)	978,307	-	3,148,769
NET CHANGE IN FUND BALANCES	(566,336)	2,063	746,967
Fund Balances - Beginning of Year	5,163,764	310,613	10,891,185
FUND BALANCES - END OF YEAR	$ 4,597,428	$ 312,676	$ 11,638,152

BUDGET TO ACTUAL COMPARISON
OTHER MAJOR AND NONMAJOR GOVERNMENTAL FUNDS

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Function and Activity				
General Government:				
City Commission/Legal/Clerk	$ 840,685	$ 846,158	$ 817,657	$ 28,501
City Manager	781,507	786,609	784,836	1,773
Finance	1,099,913	1,111,714	1,111,297	417
Nondepartmental	3,671,073	3,935,027	3,780,738	154,289
Public Safety:				
Police	11,244,810	11,368,924	11,353,031	15,893
Fire	8,179,452	8,269,951	7,524,179	745,772
Code Enforcement	482,724	488,906	460,774	28,132
Transportation:				
Streets and Buses	2,228,018	2,241,538	1,836,985	404,553
Economic Development				
Public Service Buildings	250,022	250,022	156,329	93,693
Community Development/Planning	424,245	429,561	428,680	881
Culture and Recreation:				
Leisure Services	5,801,680	5,869,744	5,444,238	425,506
Total Expenditures	35,004,129	35,598,154	33,698,744	1,899,410
Transfers to:				
Library Fund	1,231,906	1,249,183	1,249,183	-
Airport Fund	942,637	948,047	948,047	-
Cemetery Fund	244,240	250,792	250,792	-
Capital Depletion Fund	948,829	948,829	948,829	-
Debt Service Fund	2,620,168	2,620,168	2,089,566	530,602
Self-Insurance Fund	139,170	139,170	139,170	-
Willowbrook Golf Course Fund	179,663	179,663	179,663	-
Total Transfers	6,306,613	6,335,852	5,805,250	530,602
Total Expenditures and Transfers	$ 41,310,742	$ 41,934,006	$ 39,503,994	$ 2,430,012

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
2015 CONSTRUCTION FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Miscellaneous:				
Net Change in Fair Value of Investments	50,000	50,000	174,350	124,350
Total Revenues	50,000	50,000	174,350	124,350
EXPENDITURES				
Current:				
Capital Projects	39,341,404	39,341,404	12,906,201	26,435,203
Debt Service:				
Other Debt Service	-	-	-	-
Total Expenditures	39,341,404	39,341,404	12,906,201	26,435,203
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(39,291,404)	(39,291,404)	(12,731,851)	26,559,553
OTHER FINANCING SOURCES				
Transfers In	997,099	997,099	1,987,938	990,839
NET CHANGE IN FUND BALANCES	(38,294,305)	(38,294,305)	(10,743,913)	27,550,392
Fund Balances - Beginning of Year	13,246,752	13,246,752	13,246,752	-
FUND BALANCES - END OF YEAR	$ (25,047,553)	$ (25,047,553)	$ 2,502,839	$ 27,550,392

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 356,856	$ 356,856	$ 390,957	$ 34,101
Charges for Services	23,035	23,035	20,935	(2,100)
Fines and Forfeits	32,500	32,500	27,739	(4,761)
Miscellaneous:				
Rents	25,880	25,880	24,169	(1,711)
Contributions	3,000	3,000	7,718	4,718
Net Change in Fair Value of Investments	600	600	3,074	2,474
Other	19,700	19,700	6,365	(13,335)
Total Revenues	461,571	461,571	480,957	19,386
EXPENDITURES				
Current:				
Culture and Recreation	1,702,987	1,720,264	1,652,851	67,413
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,241,416)	(1,258,693)	(1,171,894)	86,799
OTHER FINANCING SOURCES (USES)				
Transfers In	1,306,906	1,324,183	1,324,183	-
Transfers Out	(213,013)	(213,013)	(213,013)	-
Total Other Financing Sources	1,093,893	1,111,170	1,111,170	-
NET CHANGE IN FUND BALANCES	(147,523)	(147,523)	(60,724)	86,799
Fund Balances - Beginning of Year	206,773	206,773	206,773	-
FUND BALANCES - END OF YEAR	$ 59,250	$ 59,250	$ 146,049	$ 86,799

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CEMETERY FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for Services	$ 277,230	$ 277,230	$ 289,228	$ 11,998
Miscellaneous:				
Net Change in Fair Value of Investments	3,000	3,000	7,744	4,744
Other	1,700	1,700	2,438	738
Total Revenues	281,930	281,930	299,410	17,480
EXPENDITURES				
Current:				
Human Services	532,320	538,872	447,495	91,377
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(250,390)	(256,942)	(148,085)	108,857
OTHER FINANCING SOURCES (USES)				
Transfers In	244,240	250,792	250,792	-
Transfers Out	(16,250)	(16,250)	(16,250)	-
Total Other Financing Sources	227,990	234,542	234,542	-
NET CHANGE IN FUND BALANCES	(22,400)	(22,400)	86,457	108,857
Fund Balances - Beginning of Year	434,560	434,560	434,560	-
FUND BALANCES - END OF YEAR	$ 412,160	$ 412,160	$ 521,017	$ 108,857

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT GRANT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 611,658	$ 611,658	$ 40,899	$ (570,759)
EXPENDITURES				
Current:				
Human Services	611,658	611,658	40,899	570,759
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ -	$ -

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SHIP GRANT FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 169,506	$ 169,506	$ 170,133	$ 627
Miscellaneous:				
Net Change in Fair Value of Investments	-	-	9,760	9,760
Other	-	-	7,000	7,000
Total Revenues	169,506	169,506	186,893	17,387
EXPENDITURES				
Current:				
Human Services	169,506	425,506	299,293	126,213
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(256,000)	(112,400)	143,600
Fund Balances - Beginning of Year	544,418	544,418	544,418	-
FUND BALANCES - END OF YEAR	$ 544,418	$ 288,418	$ 432,018	$ 143,600

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
BUILDING SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for Services	$ 1,287,724	$ 1,287,724	$ 1,780,984	$ 493,260
Miscellaneous:				
Net Change in Fair Value of Investments	13,500	13,500	34,772	21,272
Other	3,500	3,500	4,154	654
Total Revenues	1,304,724	1,304,724	1,819,910	515,186
EXPENDITURES				
Current:				
Public Safety	758,973	768,246	710,377	57,869
EXCESS OF REVENUES OVER EXPENDITURES	545,751	536,478	1,109,533	573,055
OTHER FINANCING USES				
Transfers Out	(15,405)	(15,405)	(15,405)	-
NET CHANGE IN FUND BALANCES	530,346	521,073	1,094,128	573,055
Fund Balances - Beginning of Year	1,108,139	1,108,139	1,108,139	-
FUND BALANCES - END OF YEAR	$ 1,638,485	$ 1,629,212	$ 2,202,267	$ 573,055

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
IMPACT FEE FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for Services	$ 1,520,000	$ 1,520,000	$ 1,933,852	$ 413,852
Miscellaneous:				
Net Change in Fair Value of Investments	2,000	2,000	10,966	8,966
Total Revenues	1,522,000	1,522,000	1,944,818	422,818
OTHER FINANCING USES				
Transfers Out	(1,562,000)	(1,835,000)	(1,835,000)	-
NET CHANGE IN FUND BALANCES	(40,000)	(313,000)	109,818	422,818
Fund Balances - Beginning of Year	759,463	759,463	759,463	-
FUND BALANCES - END OF YEAR	$ 719,463	$ 446,463	$ 869,281	$ 422,818

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FEDERAL BUILDING FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Rents	$ 129,505	$ 129,505	$ 129,505	$ -
Miscellaneous:				
Net Change in Fair Value of Investments	50	50	502	452
Total Revenues	129,555	129,555	130,007	452
EXPENDITURES				
Current:				
Culture and Recreation	68,997	68,997	54,684	14,313
EXCESS OF REVENUES OVER EXPENDITURES	60,558	60,558	75,323	14,765
OTHER FINANCING USES				
Transfers Out	(80,000)	(80,000)	(80,000)	-
NET CHANGE IN FUND BALANCES	(19,442)	(19,442)	(4,677)	14,765
Fund Balances - Beginning of Year	36,687	36,687	36,687	-
FUND BALANCES - END OF YEAR	$ 17,245	$ 17,245	$ 32,010	$ 14,765

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
2007 CONSTRUCTION FUND
YEAR ENDED SEPTEMBER 30, 2018

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous:				
Net Change in Fair Value of Investments	$ 3,000	$ 3,000	$ 2,063	$ (937)
EXPENDITURES				
Current:				
Capital Projects	316,832	316,832	-	316,832
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(313,832)	(313,832)	2,063	315,895
OTHER FINANCING SOURCES				
Transfers In	-	-	-	-
NET CHANGE IN FUND BALANCES	(313,832)	(313,832)	2,063	315,895
Fund Balances - Beginning of Year	310,613	310,613	310,613	-
FUND BALANCES - END OF YEAR	$ (3,219)	$ (3,219)	$ 312,676	$ 315,895

NONMAJOR PROPRIETARY FUNDS

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Willowbrook Golf Course	Stormwater	Dark Fiber	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Investments	$ 207,848	$ 4,048,345	$ 180,648	$ 4,436,841
Cash With Fiscal Agent	137,397	-	-	137,397
Receivables:				
Accounts	1,122	446,073	-	447,195
Less: Allowance for Doubtful Accounts	-	-	-	-
Due from Other Governments	-	346,113	-	346,113
Inventories	29,803	-	-	29,803
Prepaid Items	8,230	9,787	12	18,029
Total Current Assets	384,400	4,850,318	180,660	5,415,378
Capital Assets:				
Land	628,895	2,137,035	-	2,765,930
Construction in Progress	-	44,851	-	44,851
Building	217,380	-	-	217,380
Improvements Other than Buildings	1,022,934	4,369,620	1,837,961	7,230,515
Equipment	653,002	259,995	18,287	931,284
	2,522,211	6,811,501	1,856,248	11,189,960
Less: Accumulated Depreciation	(1,608,786)	(3,873,556)	(150,574)	(5,632,916)
Net Capital Assets	913,425	2,937,945	1,705,674	5,557,044
Total Noncurrent Assets	913,425	2,937,945	1,705,674	5,557,044
Total Assets	1,297,825	7,788,263	1,886,334	10,972,422
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	-	45,390	-	45,390
Total Deferred Outflows of Resources	-	45,390	-	45,390

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2018

	Willowbrook Golf Course	Stormwater	Dark Fiber	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	$ 31,682	$ 34,110	$ 179,990	$ 245,782
Accrued Liabilities	-	8,268	658	8,926
Due to Other Funds	46,700	-	80,550	127,250
Current Portion of Compensated Absences	-	1,752	-	1,752
Total	78,382	44,130	261,198	383,710
LONG-TERM LIABILITIES				
Advances from Other Funds	1,693,593	-	527,925	2,221,518
Accumulated Unused Compensated Absences	-	15,765	-	15,765
Total OPEB Liability	-	425,368	-	425,368
Net Pension Liability	-	364,326	-	364,326
Total Long-Term Liabilities	1,693,593	805,459	527,925	3,026,977
Total Liabilities	1,771,975	849,589	789,123	3,410,687
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	-	72,317	-	72,317
OPEB Related Items	-	34,785	-	34,785
Total Deferred Inflows of Resources	-	107,102	-	107,102
NET POSITION				
Net Investment in Capital Assets	913,425	2,937,945	1,525,944	5,377,314
Unrestricted	(1,387,575)	3,939,017	(428,733)	2,122,709
Total Net Position	$ (474,150)	$ 6,876,962	$ 1,097,211	7,500,023

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

	Willowbrook Golf Course	Stormwater	Dark Fiber	Total
OPERATING REVENUES				
Charges for Services	$ 783,825	$ 1,834,696	$ 132,996	$ 2,751,517
OPERATING EXPENSES				
Personal Services	-	691,130	22,939	714,069
Material and Supplies	333,841	25,471	-	359,312
Depreciation and Amortization	48,460	190,304	43,974	282,738
Other Services and Charges	899,822	525,943	-	1,425,765
Total Operating Expenses	1,282,123	1,432,848	66,913	2,781,884
OPERATING INCOME (LOSS)	(498,298)	401,848	66,083	(30,367)
NONOPERATING REVENUES (EXPENSES)				
Operating Grants and Contributions	-	5,133	-	5,133
Net Change in Fair Value of Investments	4,171	68,578	-	72,749
Interest Expense	(5,071)	-	-	(5,071)
Miscellaneous	140,600	-	-	140,600
Total Nonoperating Revenues (Expenses)	139,700	73,711	-	213,411
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(358,598)	475,559	66,083	183,044
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Grants and Contributions	-	104,478	-	104,478
Transfers In	179,663	-	200,000	379,663
Transfers Out	-	(110,805)	(13,985)	(124,790)
Total Capital Contributions and Transfers	179,663	(6,327)	186,015	359,351
CHANGE IN NET POSITION	(178,935)	469,232	252,098	542,395
Net Position - Beginning of Year as Previously Reported	(295,215)	6,519,505	845,113	7,069,403
Prior Period Adjustment	-	(111,775)	-	(111,775)
Net Position - Beginning of Year, as Restated	(295,215)	6,407,730	845,113	6,957,628
NET POSITION - END OF YEAR	$ (474,150)	$ 6,876,962	$ 1,097,211	$ 7,500,023

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018

	Willowbrook Golf Course	Stormwater	Dark Fiber	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 786,415	$ 1,795,457	$ 132,996	$ 2,714,868
Cash Paid to Employees for Services	-	(471,864)	(22,350)	(494,214)
Cash Paid to Suppliers for Goods and Services	(1,241,428)	(576,679)	(40,093)	(1,858,200)
Net Cash Provided (Used) by Operating Activities	(455,013)	746,914	70,553	362,454
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants and Contributions	-	5,133	-	5,133
Proceeds from Sale of Noncapital Equipment	140,600	-	-	140,600
Transfers from Other Funds	179,663	-	211,400	391,063
Transfers to Other Funds	(3,424)	(110,805)	(13,985)	(128,214)
Advances from Other Funds	-	-	527,925	527,925
Repayment of Advance From Other Funds	116,874	-	-	116,874
Net Cash Provided (Used) by Noncapital and Related Financing Activities	433,713	(105,672)	725,340	1,053,381
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest Paid	(5,071)	-	-	(5,071)
Acquisition and Construction of Capital Assets	(29,379)	(2,119)	(655,664)	(687,162)
Net Cash Used by Capital and Related Financing Activities	(34,450)	(2,119)	(655,664)	(692,233)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Investment Income	4,171	68,578	-	72,749
Net Cash Provided by Investing Activities	4,171	68,578	-	72,749
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,579)	707,701	140,229	796,351
Cash and Cash Equivalents - Beginning of Year	396,824	3,340,644	40,419	3,777,887
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 345,245	$ 4,048,345	$ 180,648	$ 4,574,238

CITY OF WINTER HAVEN, FLORIDA
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Willowbrook Golf Course	Stormwater	Dark Fiber	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (498,298)	$ 401,848	$ 66,083	$ (30,367)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	48,460	190,304	43,974	282,738
(Increase) Decrease in Assets:				
Accounts Receivable	2,590	(39,239)	-	(36,649)
Inventories	(1,257)	-	-	(1,257)
Prepaid Items	1,408	645	(3)	2,050
Deferred Outflows of Resources- Pension Related Items	-	20,112	-	20,112
Increase (Decrease) in Liabilities:				
Accounts Payable	(7,916)	(25,910)	(40,090)	(73,916)
Accrued Liabilities	-	(236)	589	353
Compensated Absences	-	2,583	-	2,583
Total OPEB Liability	-	76,065	-	76,065
Net Pension Liability	-	43,825	-	43,825
Deferred Inflows of Resources- Pension Related Items	-	42,132	-	42,132
Deferred Inflows of Resources- OPEB Related Items	-	34,785	-	34,785
Net Cash Provided (Used) by Operating Activities	$ (455,013)	$ 746,914	$ 70,553	$ 362,454
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITIONS				
Cash, Investments, and Cash Equivalents	$ 207,848	$ 4,048,345	$ 180,648	$ 4,436,841
Cash With Fiscal Agent	137,397	-	-	137,397
Total Cash, Investments, and Cash Equivalents	$ 345,245	$ 4,048,345	$ 180,648	$ 4,574,238

INTERNAL SERVICE FUNDS

CITY OF WINTER HAVEN, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Self-Insurance	General Services	Central Garage	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Investments	$ 2,069,181	$ 1,478,407	$ 433,140	$ 3,980,728
Accounts Receivable	3,844	-	1,692	5,536
Inventories	-	-	134,136	134,136
Prepaid Items	-	130,394	51,425	181,819
Total Current Assets	2,073,025	1,608,801	620,393	4,302,219
NONCURRENT ASSETS				
Capital Assets:				
Building	-	-	151,763	151,763
Improvements Other than Buildings	-	362,152	34,909	397,061
Equipment	-	2,080,066	385,344	2,465,410
	-	2,442,218	572,016	3,014,234
Less: Accumulated Depreciation	-	(1,937,026)	(524,030)	(2,461,056)
Net Capital Assets	-	505,192	47,986	553,178
Total Assets	2,073,025	2,113,993	668,379	4,855,397
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	-	136,121	47,952	184,073

CITY OF WINTER HAVEN, FLORIDA
COMBINING STATEMENT OF NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Self-Insurance	General Services	Central Garage	Totals
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	$ 567,237	$ 81,385	$ 20,732	$ 669,354
Accrued Liabilities	2,343	35,204	12,295	49,842
Due to Other Funds	-	-	65,699	65,699
Claims Payable	1,748,553	-	-	1,748,553
Current Portion of Compensated Absences	-	14,461	6,854	21,315
Total Current Liabilities	2,318,133	131,050	105,580	2,554,763
LONG-TERM LIABILITIES				
Accumulated Unused Compensated Absences	-	130,153	61,686	191,839
Total OPEB Liability	-	1,386,699	394,174	1,780,873
Net Pension Liability	-	1,092,579	384,887	1,477,466
Total Long-Term Liabilities	-	2,609,431	840,747	3,450,178
Total Liabilities	2,318,133	2,740,481	946,327	6,004,941
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	-	216,874	76,398	293,272
OPEB Related Items	-	113,697	32,254	145,951
Total Deferred Inflows of Resources	-	330,571	108,652	439,223
NET POSITION				
Net Investment in Capital Assets	-	470,492	47,986	518,478
Unrestricted	(245,108)	(1,291,430)	(386,634)	(1,923,172)
Total Net Position	$ (245,108)	$ (820,938)	$ (338,648)	$ (1,404,694)

CITY OF WINTER HAVEN, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Self-Insurance	General Services	Central Garage	Totals
OPERATING REVENUES				
Sales and Charges for Services	$ 5,730,371	$ 4,540,665	$ 2,402,556	$ 12,673,592
Miscellaneous	204,782	15,532	997	221,311
Total Operating Revenues	5,935,153	4,556,197	2,403,553	12,894,903
OPERATING EXPENSES				
Personal Services	-	1,992,388	513,396	2,505,784
Material and Supplies	-	453,886	1,384,528	1,838,414
Depreciation	-	139,923	5,303	145,226
Other Services and Charges	6,446,879	1,805,116	341,383	8,593,378
Total Operating Expenses	6,446,879	4,391,313	2,244,610	13,082,802
OPERATING INCOME (LOSS)	(511,726)	164,884	158,943	(187,899)
NONOPERATING REVENUES				
Net Change in Fair Value of Investments	37,705	31,711	9,749	79,165
Gain on Disposal of Assets - Net	-	-	-	-
Total Nonoperating Revenues	37,705	31,711	9,749	79,165
INCOME (LOSS) BEFORE TRANSFERS	(474,021)	196,595	168,692	(108,734)
TRANSFERS				
Transfers In	502,148	20,800	-	522,948
Transfers Out	-	-	-	-
Total Transfers	502,148	20,800	-	522,948
CHANGE IN NET POSITION	28,127	217,395	168,692	414,214
Net Position - Beginning of Year as Previously Reported	(273,235)	(720,001)	(337,473)	(1,330,709)
Prior Period Adjustment	-	(318,332)	(169,867)	(488,199)
Net Position - Beginning of Year, as Restated	(273,235)	(1,038,333)	(507,340)	(1,818,908)
NET POSITION - END OF YEAR	$ (245,108)	$ (820,938)	$ (338,648)	$ (1,404,694)

CITY OF WINTER HAVEN, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Self-Insurance	General Services	Central Garage	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 5,914,833	$ 4,556,508	$ 2,405,567	$ 12,876,908
Cash Paid to Employees for Services	-	(1,907,138)	(570,179)	(2,477,317)
Cash Paid to Suppliers for Goods and Services	(6,448,055)	(2,398,911)	(1,771,489)	(10,618,455)
Net Cash Provided (Used) by Operating Activities	(533,222)	250,459	63,899	(218,864)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	502,148	20,800	-	522,948
Net Cash Provided by Noncapital Financing Activities	502,148	20,800	-	522,948
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	-	(148,810)	(42,083)	(190,893)
Net Cash Used by Capital and Related Financing Activities	-	(148,810)	(42,083)	(190,893)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Investment Income	37,705	31,711	9,749	79,165
Net Cash Provided by Investing Activities	37,705	31,711	9,749	79,165
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,631	154,160	31,565	192,356
Cash and Cash Equivalents - Beginning of Year	2,062,550	1,324,247	401,575	3,788,372
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,069,181	$ 1,478,407	$ 433,140	$ 3,980,728
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (511,726)	$ 164,884	$ 158,943	$ (187,899)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	139,923	5,303	145,226
(Increase) Decrease in Assets:				
Accounts Receivable	(830)	311	2,014	1,495
Inventories	-	-	(28,163)	(28,163)
Prepaid Items	-	31,939	(1,772)	30,167
Deferred Outflows of Resources- Pension Related Items	-	149,603	57,328	206,931
Increase (Decrease) in Liabilities:				
Accounts Payable	(1,329)	(171,848)	(15,643)	(188,820)
Accrued Liabilities	153	1,642	43	1,838
Unearned Revenue	(19,490)	-	-	(19,490)
Compensated Absences	-	1,189	7,953	9,142
Total OPEB Liability	-	39,387	(51,995)	(12,608)
Net Pension Liability	-	(305,472)	(130,248)	(435,720)
Deferred Inflows of Resources- Pension Related Items	-	85,204	27,882	113,086
Deferred Inflows of Resources- OPEB Related Items	-	113,697	32,254	145,951
Net Cash Provided (Used) by Operating Activities	$ (533,222)	$ 250,459	$ 63,899	$ (218,864)

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION

(UNAUDITED)

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

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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This schedule provides water and sewer consumption and rate information to help the reader assess the City's most significant own source revenue, water and sewer charges.

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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STATISTICAL SECTION

(UNAUDITED)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF WINTER HAVEN, FLORIDA
TABLE 1
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	$ 43,893,592	$ 37,464,863	$ 36,870,523	$ 33,858,502	$ 36,877,959	$ 37,098,763	$ 36,846,194	$ 35,708,921	$ 32,629,845	$ 28,256,327
Restricted	6,149,488	4,565,096	3,409,302	2,397,480	2,851,631	2,102,573	2,764,373	3,639,507	15,617,243	19,573,862
Unrestricted	(10,341,098)	(1,771,610)	(6,940,999)	(10,346,605)	8,748,131	10,847,286	13,531,056	18,210,864	12,032,783	10,602,049
Subtotal Governmental Activities Net Position	$ 39,701,982	$ 40,258,349	$ 33,338,826	$ 25,909,377	$ 48,477,721	$ 50,048,622	$ 53,141,623	$ 57,559,292	$ 60,279,871	$ 58,432,238
Business Type Activities										
Net Investment in Capital Assets	$ 20,741,636	$ 14,654,234	$ 13,754,969	$ 12,017,199	$ 8,999,168	$ 10,358,279	$ 6,912,528	$ 9,747,735	$ 11,592,725	$ 15,309,380
Restricted	14,783,230	18,121,549	16,375,695	14,831,150	15,514,850	15,860,760	16,391,029	17,466,679	19,357,922	13,418,346
Unrestricted	25,856,950	23,218,885	13,263,706	12,942,084	21,863,614	14,895,681	16,920,140	13,684,816	10,823,567	16,747,258
Subtotal Business Type Activities	$ 61,381,816	$ 55,994,668	$ 43,394,370	$ 39,790,433	$ 46,377,632	$ 41,114,720	$ 40,223,697	$ 40,899,230	$ 41,774,214	$ 45,474,984
Primary government										
Net Investment in Capital Assets	$ 64,635,228	$ 52,119,097	$ 50,625,492	$ 45,875,701	$ 45,877,127	$ 47,457,042	$ 43,758,722	$ 45,456,656	$ 44,222,570	$ 43,565,707
Restricted	20,932,718	22,686,645	19,784,997	17,228,630	18,366,481	17,963,333	19,155,402	21,106,186	34,975,165	32,992,208
Unrestricted	15,515,852	21,447,275	6,322,707	2,595,479	30,611,745	25,742,967	30,451,196	31,895,680	22,856,350	27,349,307
Total Primary Government Net Position	$ 101,083,798	$ 96,253,017	$ 76,733,196	$ 65,699,810	$ 94,855,353	$ 91,163,342	$ 93,365,320	$ 98,458,522	$ 102,054,085	$ 103,907,222

CITY OF WINTER HAVEN, FLORIDA
TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Government Activities										
General Government	$ 8,634,562	$ 10,095,366	$ 9,209,261	$ 8,584,527	$ 8,086,016	$ 9,399,765	$ 8,879,244	$ 7,820,347	$ 7,924,217	$ 6,148,216
Public Safety	21,498,700	19,074,245	19,762,150	19,396,846	20,750,606	19,816,929	18,358,944	18,353,677	17,426,469	16,597,987
Transportation	4,526,558	3,564,670	5,023,998	3,667,560	3,183,123	3,052,186	3,128,571	3,130,646	2,865,003	2,750,152
Economic Development	2,313,490	1,818,752	1,806,586	1,732,069	2,069,015	1,845,250	1,786,618	1,762,529	1,953,008	3,471,906
Human Services	851,223	707,632	683,485	876,034	607,285	829,879	769,648	1,376,048	953,255	1,246,807
Culture and Recreation	8,082,653	7,030,761	7,416,463	7,858,528	8,423,328	7,884,145	7,684,359	7,253,120	7,399,796	6,990,848
Interest on Long Term Debt	681,215	612,463	706,844	2,293,143	1,117,958	1,162,384	1,225,629	1,456,101	1,544,341	1,676,908
Other Debt Service	-	141,339	1,260	249,322	-	-	2,404	45,583	-	-
Subtotal Governmental Activities Expenses	46,588,401	43,045,228	44,610,047	44,658,029	44,237,331	43,990,538	41,835,417	41,198,051	40,066,089	38,882,824
Business Type Activities										
Water and Sewer System	22,793,051	20,426,584	21,254,361	20,819,341	21,604,207	21,896,454	22,198,107	21,501,368	21,994,417	22,400,040
Solid Waste System	4,896,807	5,066,354	4,762,928	4,645,385	4,726,645	4,668,489	4,456,128	4,142,119	3,895,385	3,831,969
Stormwater	1,436,298	1,376,689	1,138,746	1,661,327	1,611,708	1,298,173	1,337,044	1,323,878	1,185,852	1,178,913
Willowbrook	1,285,690	1,043,259	1,035,457	1,017,227	1,370,458	1,076,752	1,127,260	1,055,156	1,046,960	1,107,721
Dark Fiber	66,913	12,531	-	-	-	-	-	-	-	-
Subtotal Business Type Activities	30,478,759	27,925,417	28,191,492	28,143,280	29,313,018	28,939,868	29,118,539	28,022,521	28,122,614	28,518,643
Total Primary Government	$ 77,067,160	$ 70,970,645	$ 72,801,539	$ 72,801,309	$ 73,550,349	$ 72,930,406	$ 70,953,956	$ 69,220,572	$ 68,188,703	$ 67,401,467
PROGRAM REVENUES										
Government Activities										
General Government	$ 4,457,523	$ 4,245,109	$ 5,017,700	$ 3,957,638	$ 4,273,166	$ 3,945,708	$ 4,064,039	$ 4,075,609	$ 4,225,749	$ 4,286,095
Public Safety	1,018,595	1,074,372	957,860	837,028	953,509	834,519	1,006,859	1,400,041	1,380,390	1,144,633
Transportation	5,596,578	3,223,216	2,226,255	1,284,179	993,093	1,101,177	968,631	1,183,725	3,122,512	1,421,488
Economic Development	3,879,413	4,571,176	3,230,752	1,984,091	3,272,936	2,327,772	1,270,321	850,517	768,543	325,493
Human Services	500,260	664,033	735,212	492,595	739,610	558,161	358,115	891,602	500,779	1,341,055
Culture and Recreation	1,193,752	1,141,820	1,178,352	1,119,366	1,049,519	1,041,328	1,030,719	1,674,022	1,333,850	1,629,477
Subtotal Governmental Activities Program Revenue	16,646,121	14,919,726	13,346,131	9,674,897	11,281,833	9,808,665	8,698,684	10,075,516	11,331,823	10,148,241
Business Type Activities										
Water and Sewer System	36,450,559	33,874,974	28,757,406	28,779,383	29,250,496	29,182,606	25,067,823	24,252,549	22,037,540	22,227,603
Solid Waste System	7,654,920	6,823,509	6,356,195	5,998,926	5,802,367	5,522,934	5,341,810	5,219,074	5,069,571	4,975,747
Stormwater	1,944,307	2,055,180	1,641,019	1,598,051	1,550,784	1,977,581	1,403,205	1,491,823	1,340,637	1,687,200
Willowbrook	783,825	847,548	782,513	763,584	908,176	774,646	870,596	871,221	901,440	992,071
Dark Fiber	132,996	116,603	-	-	-	-	-	-	-	-
Subtotal Business Type Activities Program Revenue	46,966,607	43,717,814	37,537,133	37,139,944	37,511,823	37,457,767	32,683,434	31,834,667	29,349,188	29,882,621
Total Primary Government	$ 63,612,728	$ 58,637,540	$ 50,883,264	$ 46,814,841	$ 48,793,656	$ 47,266,432	$ 41,382,118	$ 41,910,183	$ 40,681,011	$ 40,030,862

CITY OF WINTER HAVEN, FLORIDA
TABLE 2
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

NET(EXPENSE) REVENUE	Fiscal Year									
Government Activities	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	$ (4,177,039)	$ (5,850,257)	$ (4,191,561)	$ (4,626,889)	$ (3,812,850)	$ (5,454,057)	$ (4,815,205)	$ (3,744,738)	$ (3,698,468)	$ (1,862,121)
Public Safety	(20,480,105)	(17,999,873)	(18,804,290)	(18,559,818)	(19,797,097)	(18,982,410)	(17,352,085)	(16,953,636)	(16,046,079)	(15,453,354)
Transportation	1,070,020	(341,454)	(2,797,743)	(2,383,381)	(2,190,030)	(1,951,009)	(2,159,940)	(1,946,921)	257,509	(1,328,664)
Economic Development	1,565,923	2,752,424	1,424,166	252,022	1,203,921	482,522	(516,297)	(912,012)	(1,184,465)	(3,146,413)
Human Services	(350,963)	(43,599)	51,727	(383,439)	132,325	(271,718)	(411,533)	(484,446)	(452,476)	94,248
Culture and Recreation	(6,888,901)	(5,888,941)	(6,238,111)	(6,739,162)	(7,373,809)	(6,842,817)	(6,653,640)	(5,579,098)	(6,065,946)	(5,361,371)
Interest on Long-Term Debt	(681,215)	(612,463)	(706,844)	(2,293,143)	(1,117,958)	(1,162,384)	(1,225,629)	(1,456,101)	(1,544,341)	(1,676,908)
Other Debt Service	-	(141,339)	(1,260)	(249,322)	-	-	(2,404)	(45,583)	-	-
Subtotal Governmental Activities Net Expense	(29,942,280)	(28,125,502)	(31,263,916)	(34,983,132)	(32,955,498)	(34,181,873)	(33,136,733)	(31,122,535)	(28,734,266)	(28,734,583)
Business Type Activities										
Water and Sewer System	13,657,508	13,448,390	7,503,045	7,960,042	7,646,289	7,286,152	2,869,716	2,751,181	43,123	(172,437)
Solid Waste System	2,758,113	1,757,155	1,593,267	1,353,541	1,075,722	854,445	885,682	1,076,955	1,174,186	1,143,778
Stormwater	508,009	678,491	502,273	(63,276)	(60,924)	679,408	66,161	167,945	154,785	508,287
Willowbrook	(501,865)	(195,711)	(252,944)	(253,643)	(462,282)	(302,106)	(256,664)	(183,935)	(145,520)	(115,650)
Dark Fiber	66,083	104,072	-	-	-	-	-	-	-	-
Subtotal Business Type Activities Net Expense	16,487,848	15,792,397	9,345,641	8,996,664	8,198,805	8,517,899	3,564,895	3,812,146	1,226,574	1,363,978
Total primary government	$ (13,454,432)	$ (12,333,105)	$ (21,918,275)	$ (25,986,468)	$ (24,756,693)	$ (25,663,974)	$ (29,571,838)	$ (27,310,389)	$ (27,507,692)	$ (27,370,605)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Taxes: Property	$ 12,772,488	$ 11,508,749	$ 10,233,775	$ 9,512,073	$ 9,061,747	$ 8,700,645	$ 8,986,133	$ 9,866,537	$ 12,199,839	$ 13,873,125
Taxes: Utility	6,714,869	6,434,213	6,050,100	5,855,891	5,807,599	5,645,061	5,615,409	5,513,131	5,690,987	5,413,622
Taxes: Franchise	3,403,431	3,305,112	3,385,734	3,289,214	3,217,514	2,942,332	2,995,992	3,078,185	3,327,261	3,282,301
Taxes: Fuel	1,929,720	1,834,549	1,762,196	1,655,207	1,522,865	1,470,170	1,606,334	1,527,166	1,531,951	1,497,522
State Shared: Sales Tax	2,573,786	2,367,136	2,289,491	2,087,383	1,978,862	1,786,206	1,675,486	1,635,132	1,576,279	1,611,420
State Shared: Cigarette	1,082,745	1,016,784	936,602	886,585	802,560	724,236	704,388	680,921	650,133	656,652
State Shared: Other	1,339,122	1,271,176	1,215,171	1,157,860	1,140,984	1,107,502	1,242,734	667,754	696,280	1,232,895
Unrestricted Investment Earnings	612,858	349,143	119,220	119,941	(1,204)	124,448	248,102	495,459	446,949	56,214
Gain on Sale of Capital Assets	37,445	85,335	87,966	44,307	37,401	46,461	905,520	932	88,638	-
Insurance Proceeds	-	-	-	-	-	-	-	-		-
Miscellaneous	534,139	293,386	601,469	134,310	169,059	81,131	160,040	167,631	333,697	669,040
Transfers	7,680,835	6,579,442	12,011,641	8,286,612	7,244,577	7,856,974	4,578,926	4,769,108	4,707,770	3,025,839
Sub-Total Governmental Activities	38,681,438	35,045,025	38,693,365	33,029,383	30,981,964	30,485,166	28,719,064	28,401,956	31,249,784	31,318,630
Business Type Activities										
Unrestricted Investment Earnings	1,067,666	570,670	250,619	181,786	19,008	170,393	303,879	206,970	428,942	(29,107)
Gain on Sale of Capital Assets	37,440	-	6,019,318	38,132	4,871,675	59,705	34,619	(19,298)	42,689	72,347
Miscellaneous	140,600	-	-	-	-	-	-	-	-	-
Transfers	(7,680,835)	(6,579,442)	(12,011,641)	(8,286,612)	(7,244,577)	(7,856,974)	(4,578,926)	(4,769,108)	(4,707,770)	(3,025,839)
Sub-Total Business Activities	(6,435,129)	(6,008,772)	(5,741,704)	(8,066,694)	(2,353,894)	(7,626,876)	(4,240,428)	(4,581,436)	(4,236,139)	(2,982,599)
Total Primary Government	$ 32,246,309	$ 29,036,253	$ 32,951,661	$ 24,962,689	$ 28,628,070	$ 22,858,290	$ 24,478,636	$ 23,820,520	$ 27,013,645	$ 28,336,031
INCREASE(DECREASE) IN NET POSITION										
Governmental Activities	$ 8,739,158	$ 6,919,523	$ 7,429,449	$ (1,953,749)	$ (1,973,534)	$ (3,696,707)	$ (4,417,669)	$ (2,720,579)	$ 2,515,518	$ 2,584,047
Business Type Activities	10,052,719	9,783,625	3,603,937	929,970	5,844,911	891,023	(675,533)	(769,290)	(3,009,565)	(1,618,621)
Total Primary Government	$ 18,791,877	$ 16,703,148	$ 11,033,386	$ (1,023,779)	$ 3,871,377	$ (2,805,684)	$ (5,093,202)	$ (3,489,869)	$ (494,047)	$ 965,426

CITY OF WINTER HAVEN, FLORIDA
TABLE 3
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Motor Fuel Taxes	Cigarette Taxes	Utility Taxes	Other Taxes	Total
2009	$ 13,873,125	$ 1,611,420	$ 3,282,301	$ 1,497,522	$ 656,652	$ 5,413,622	$ 1,232,895	$ 27,567,537
2010	12,199,839	1,576,279	3,327,261	1,531,951	650,133	5,690,986	696,280	25,672,729
2011	9,866,537	1,635,132	3,078,185	1,527,166	680,921	5,513,132	667,754	22,968,827
2012	8,986,133	1,675,486	2,995,992	1,606,334	704,388	5,615,409	1,242,734	22,826,476
2013	8,700,645	1,786,206	2,942,332	1,470,170	724,236	5,645,061	1,107,502	22,376,152
2014	9,061,747	1,978,862	3,217,514	1,522,865	802,560	5,807,599	1,140,984	23,532,131
2015	9,512,073 *	2,087,383	3,289,214	1,655,207	886,585	5,855,891	1,157,860	24,444,213
2016	10,233,775 *	2,289,491	3,385,734	1,762,196	936,602	6,050,100	1,215,171	25,873,069
2017	11,508,749 *	2,367,136	3,305,112	1,834,549	1,016,784	6,434,213	1,271,176	27,737,719
2018	12,772,488 *	2,573,786	3,403,431	1,929,720	1,082,745	6,714,869	1,339,122	29,816,161

* Property Taxes include Ad Valorem tax proceeds received from the County for the City's CRA Districts (Downtown and Florence Villa)

CITY OF WINTER HAVEN, FLORIDA
TABLE 4
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
General Fund	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Nonspendable	$ 1,888,799	$ 1,859,389	$ 1,858,826	$ 1,814,373	$ 1,780,015	$ 1,727,263	$ 1,712,676	$ 1,736,892	$ -	$ -
Restricted	207,496	207,323	205,640	7,403	11,036	17,709	51,297	168,630	-	-
Assigned	25,666	25,183	23,751	905,947	903,900	25,566	19,166	634,089	-	-
Unassigned	12,870,923	10,453,368	8,486,848	8,060,985	6,943,484	7,714,673	7,505,482	6,696,772	-	-
Reserved	-	-	-	-	-	-	-	-	1,668,692	1,656,443
Unreserved	-	-	-	-	-	-	-	-	8,905,676	7,796,743
Subtotal General Fund	$ 14,992,884	$ 12,545,263	$ 10,575,065	$ 10,788,708	$ 9,638,435	$ 9,485,211	$ 9,288,621	$ 9,236,383	$ 10,574,368	$ 9,453,186
All Other Governmental Funds										
Nonspendable	$ 107,726	$ 95,131	$ 102,188	$ 114,624	$ 930,677	$ 260,550	$ 413,441	$ 497,144	$ -	$ -
Restricted	6,294,133	4,735,537	3,589,298	2,799,676	3,379,498	2,622,342	3,310,779	3,639,507	-	-
Committed	500,862	414,011	349,764	316,174	279,841	399,978	489,678	919,345	-	-
Assigned	7,552,634	18,920,228	10,984,367	8,946,138	6,862,170	6,954,142	7,414,858	9,903,626	-	-
Unassigned	(306,783)	(864,361)	(863,897)	(594,614)	(553,061)	(373,848)	(830,612)	(534,323)	-	-
Reserved	-	-	-	-	-	-	-	-	13,820,773	16,953,347
Unreserved, Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	4,571,960	4,384,027
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Subtotal All Other Governmental Funds	14,148,572	23,300,546	14,161,720	11,581,998	10,899,125	9,863,164	10,798,144	14,425,299	18,392,733	21,337,374
Total Fund Balance	$ 29,141,456	$ 35,845,809	$ 24,736,785	$ 22,370,706	$ 20,537,560	$ 19,348,375	$ 20,086,765	$ 23,661,682	$ 28,967,101	$ 30,790,560

Note: In FY 2011, the City implemented GASB 54, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. Prior year numbers are not restated.

CITY OF WINTER HAVEN, FLORIDA
TABLE 5
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Taxes	$ 25,594,991	$ 23,822,659	$ 22,101,031	$ 20,956,633	$ 20,255,190	$ 19,371,259	$ 19,783,981	$ 19,985,019	$ 22,750,038	$ 24,066,570
Licenses and Permits	220,086	260,496	243,150	244,559	273,263	254,556	264,350	248,048	247,138	225,530
Intergovernmental	9,093,018	7,161,660	6,644,191	4,572,857	6,632,713	4,902,836	4,642,204	6,159,794	7,540,475	6,613,503
Charges for Services	7,890,897	7,024,915	5,966,953	4,788,182	4,647,133	3,813,351	3,703,177	3,640,929	3,618,100	3,511,497
Fines and Forfeitures	327,074	321,480	384,320	334,092	378,166	334,356	363,045	230,306	281,111	388,557
Rents	1,134,734	1,054,939	1,069,563	1,069,223	1,026,903	922,314	894,509	782,708	825,661	790,998
Change in Fair Value of Investments	533,693	309,953	98,546	89,119	7,125	87,884	172,620	442,291	325,695	108,087
Contributions	7,718	248	3,443	3,072	635	943	2,400	8,739	-	-
Sale of Assets	242,445	84,656	83,153	36,018	47,385	51,534	938,066	23,451	85,194	21,939
Insurance Proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	937,161	700,835	1,086,432	427,721	483,002	381,953	454,783	443,683	333,697	669,040
Total Revenues	45,981,817	40,741,841	37,680,782	32,521,476	33,751,515	30,120,986	31,219,135	31,964,968	36,007,109	36,395,721
EXPENDITURES										
Current										
General Government	6,494,528	7,496,910	7,848,300	4,824,803	5,347,528	4,767,319	4,673,312	5,016,932	5,062,255	5,279,490
Public Safety	21,660,084	20,077,109	21,117,034	19,267,427	19,377,853	18,911,630	18,067,731	18,214,276	16,232,926	16,288,828
Transportation	7,435,633	4,686,015	4,322,726	2,919,564	2,336,887	2,294,367	2,938,909	2,217,641	4,547,379	3,352,081
Economic Environment	845,182	801,939	755,579	613,187	895,825	742,328	837,566	743,462	862,766	2,711,830
Human Services	787,687	723,938	698,321	795,774	735,126	844,579	738,224	1,346,563	906,812	1,272,214
Culture and Recreation	7,151,773	6,841,385	6,971,999	7,633,831	7,258,920	6,746,504	6,607,340	6,497,748	6,992,878	7,949,543
Subtotal Current	44,374,887	40,627,296	41,713,959	36,054,586	35,952,139	34,306,727	33,863,082	34,036,622	34,605,016	36,853,986
Debt Service										
Principal	1,805,000	1,580,000	1,430,000	1,414,308	1,278,797	1,537,245	1,246,909	1,802,494	1,574,621	703,091
Debt Issue Cost	-	-	-	-	-	-	-	-	-	-
Interest	757,419	709,779	798,495	784,674	1,101,123	1,154,109	1,159,498	1,629,940	1,568,607	985,414
Other Debt Service	550	140,629	550	261,398	-	-	2,404	45,583	-	-
Subtotal Debt Service	2,562,969	2,430,408	2,229,045	2,460,380	2,379,920	2,691,354	2,408,811	3,478,017	3,143,228	1,688,505
Capital Projects	12,906,201	1,287,001	3,239,540	395,074	1,856,681	2,301,175	3,080,285	4,246,606	4,690,094	3,714,077
Total Expenditures	59,844,057	44,344,705	47,182,544	38,910,040	40,188,740	39,299,256	39,352,178	41,761,245	42,438,338	42,256,568
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,862,240)	(3,602,864)	(9,501,762)	(6,388,564)	(6,437,225)	(9,178,270)	(8,133,043)	(9,796,277)	(6,431,229)	(5,860,847)

CITY OF WINTER HAVEN, FLORIDA
TABLE 5
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Other Financing Sources (Uses)										
Transfers in	$ 16,884,361	$ 16,412,988	$ 20,566,985	$ 16,784,215	$ 15,991,646	$ 14,382,120	$ 12,971,274	$ 12,202,128	$ 13,752,487	$ 13,613,039
Transfers out	(9,726,474)	(9,114,259)	(8,699,144)	(8,568,403)	(8,767,869)	(6,545,946)	(8,413,148)	(7,433,020)	(9,144,717)	(10,616,689)
Issuance of Debt	-	7,535,000	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	5,570,000	-	13,205,000	-	-	-	6,405,000	-	-
Issuance Premium	-	-	-	557,512	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	(5,691,841)	-	(13,756,614)	-	-	-	(6,683,250)	-	-
Total Other Financing Sources (Uses)	7,157,887	14,711,888	11,867,841	8,221,710	7,223,777	7,836,174	4,558,126	4,490,858	4,607,770	2,996,350
Net Change in Fund Balance	$ (6,704,353)	$ 11,109,024	$ 2,366,079	$ 1,833,146	$ 786,552	$ (1,342,096)	$ (3,574,917)	$ (5,305,419)	$ (1,823,459)	$ (2,864,497)
Debt service as % of noncap exp	6.1%	5.7%	5.4%	5.7%	6.4%	7.4%	6.6%	9.2%	9.2%	5.1%

CITY OF WINTER HAVEN, FLORIDA
TABLE 6
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value Real Property	Assessed Value Personal Property	Assessed Value Centrally Assessed Property	Less: Tax Exempt Property	Taxable Assessed Valuation	Total Direct Tax	Estimated Actual Taxable Value
2009	$ 2,882,275,631	$ 308,986,285	$ 461,283	$ 1,010,253,079	$ 2,181,470,120	5.790	$ 2,181,470,120
2010	2,529,180,953	307,000,155	502,384	893,124,857	1,943,558,635	5.790	1,943,558,635
2011	2,119,389,288	286,308,889	459,378	771,592,749	1,634,564,806	5.790	1,634,564,806
2012	1,877,957,535	288,126,268	488,373	649,788,842	1,516,783,334	5.790	1,516,783,334
2013	1,845,537,194	274,182,073	454,674	654,026,382	1,466,147,559	5.790	1,466,147,559
2014	1,924,849,048	263,189,818	554,760	659,546,692	1,529,046,934	5.790	1,529,046,934
2015	2,007,403,179	292,022,511	572,626	689,628,652	1,610,369,664	5.790	1,610,369,664
2016	2,144,565,792	309,321,654	10,473,300	741,075,963	1,723,284,783	5.790	1,723,284,783
2017	2,332,021,779	356,176,075	10,576,196	774,995,115	1,923,778,935	5.790	1,923,778,935
2018	2,546,345,759	380,868,003	10,450,270	817,745,867	2,119,918,165	5.790	2,119,918,165

Source: Polk County Property Appraiser Form 403
Note: Property in the county is reassessed annually. The county assesses property at approximately 85-90 percent of market value.

CITY OF WINTER HAVEN, FLORIDA
TABLE 7
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Debt Service	Other	Total Direct Rate	Polk County	School Board	Lake Region Management	Peace River	SWFMD
2009	5.790	-	-	5.790	6.8665	5.884	0.3350	0.1827	0.3866
2010	5.790	-	-	5.790	6.8665	6.086	0.3833	0.1827	0.3866
2011	5.790	-	-	5.790	6.8665	6.292	0.4478	-	0.3770
2012	5.790	-	-	5.790	6.8665	7.670	0.4829	-	0.3928
2013	5.790	-	-	5.790	6.8665	7.492	0.4996	-	0.3928
2014	5.790	-	-	5.790	6.8665	7.547	0.4924	-	0.3818
2015	5.790	-	-	5.790	6.8665	7.208	0.4924	-	0.3658
2016	5.790	-	-	5.790	6.7815	7.149	0.4715	-	0.3488
2017	5.790	-	-	5.790	6.7815	6.797	0.4512	-	0.3317
2018	5.790	-	-	5.790	6.7815	6.514	0.4214	-	0.3131

Note: The City of Winter Haven has no overlapping tax rates due to there being no leveraging of property taxes by other governmental entities.

CITY OF WINTER HAVEN, FLORIDA
TABLE 8
PRINCIPAL TAXPAYERS
YEARS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2008

	2018		2009	
Taxpayer	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
Legoland/Merlin Entertainment	$ 85,742,145	4.04%		
Wal-Mart Stores, Inc.	56,557,075	2.67%	$ 50,066,985	2.36%
Tampa Electric	40,682,538	1.92%		
Carlton Arms of Winter Haven LLP	34,285,257	1.62%	36,712,430	1.73%
Tractor REO Winter Haven LLC	25,151,013	1.19%		
Spring Haven Retirement LLC	22,275,054	1.05%	9,817,000	0.46%
Sunstone Winter Haven Florida LLC	18,857,402	0.89%		
Winter Haven Industrial Investors	16,621,296	0.78%		
Landmark Investments Inc	14,933,391	0.70%	11,442,095	0.54%
Invitation Homes	14,609,065	0.69%		
State Farm Mutual Automobile Ins. Co.			29,532,044	1.39%
Hanson Pipe and Products SE			16,289,830	0.77%
Lake Ashton Development			15,710,150	0.74%
Publix Super Markets Inc.			14,774,314	0.70%
Sherwin-Williams Co.			14,695,281	0.69%
Winter Haven Citi Center			11,838,687	0.56%
Crow Winter Oaks Partners LTD PRT			11,709,600	0.55%
Lake Deer Apartments Limited			10,988,740	0.52%
Ruby Lake Developers LLC			10,306,849	0.49%
CCH Ltd. Partnership III			10,039,743	0.47%
Subtotal	329,714,236	15.55%	253,923,748	11.98%
All other taxpayers	1,790,203,929	84.45%	1,960,882,090	92.50%
Total	$ 2,119,918,165	100.00%	$ 2,214,805,838	104.48%

Source: Property Appraiser Form 403 and 2009 CAFR (Table 8)

CITY OF WINTER HAVEN, FLORIDA
TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy for Fiscal Year		Collections Within Fiscal Year of Levy	Percent of Levy Collected	Collections in Subsequent Years	City Collections Only	Ratio of Levy to Collections	Total Collections
2009	$ 12,823,726	*	$ 12,423,855	96.88%	$ 85,674	$ 12,509,529	97.55%	$ 13,873,125
2010	11,253,204	*	10,963,380	97.42%	63,631	11,027,011	97.99%	12,199,838
2011	9,428,168	*	9,131,489	96.85%	36,333	9,167,822	97.24%	9,870,689
2012	8,782,175	*	8,427,188	95.96%	30,013	8,457,201	96.30%	8,986,133
2013	8,488,994	*	8,205,453	96.66%	33,621	8,239,074	97.06%	8,667,023
2014	9,185,708	**	8,550,141	93.08%	29,308	8,579,449	93.40%	8,579,449
2015	9,313,686	**	8,975,963	96.37%	30,423	9,006,386	96.70%	9,006,386
2016	9,995,487	**	9,609,535	96.14%	27,294	9,636,829	96.41%	9,636,829
2017	11,175,917	**	10,753,112	96.22%	28,159	10,781,271	96.47%	10,781,271
2018	12,216,629	**	11,821,959	96.77%	33,273	11,855,232	97.04%	11,855,232

* Total Collections **include** County Ad Valorem payments to City's CRA Districts (Downtown and Florence Villa)

* * Total Collections **do not include** County Ad Valorem payments to City's CRA Districts (Downtown and Florence Villa)

CITY OF WINTER HAVEN, FLORIDA
TABLE 10
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Government Activities				Business Type			
Fiscal Year	Special Obligation Bonds	Public Improvement Rev Bonds	Sales Tax Revenue Bonds	Notes Payable	Water/Sewer Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2009	$ 514,095	$ 24,137,036	$ 7,450,000	$ 1,224,379	$ 61,630,000	$ 94,955,510	11.9%	$ 2,755
2010	363,498	23,427,501	7,015,000	944,393	60,455,000	92,205,392	11.8%	2,722
2011	203,807	22,688,453	6,405,000	650,638	58,945,000	88,892,898	12.1%	2,606
2012	34,493	21,913,524	6,405,000	347,972	57,860,000	86,560,989	13.8%	2,517
2013	-	21,214,166	5,558,182	236,246	55,777,738	82,786,332	11.2%	2,282
2014	-	21,175,921	5,220,000	119,308	55,968,807	82,484,036	10.4%	2,228
2015	-	21,214,149	4,610,000	-	53,409,884	79,234,033	9.2%	2,081
2016	-	20,365,499	3,985,000	-	53,083,141	77,433,640	8.1%	1,959
2017	-	26,678,360	3,350,000	-	51,081,397	81,109,757	8.0%	1,971
2018	-	25,486,803	2,705,000	-	49,116,653	77,308,456	5.3%	1,805

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

(1) See schedule of Demographic and Economic statistics (Table 14) for personal income and population data.

CITY OF WINTER HAVEN, FLORIDA
TABLE 11
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018

Governmental unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Polk County School Board	$ 289,706,717	6.0993%	$ 17,670,082
Debt repaid with property taxes: Polk County	139,893,635	6.7672%	9,466,882
Overlapping debt	429,600,352		27,136,964
City of Winter Haven direct debt	28,191,803		28,191,803
Total direct and overlapping debt	$ 457,792,155		$ 55,328,767

Sources: School Board debt outstanding and Polk County outstanding debt obtained from 2017 CAFR.

Note: Overlapping governments are those that coincide at least in part, with the geographic boundaries of the city. This schedule estimates the portioning of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Winter Haven. This process recognizes that, when considering the governments' ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the school board's taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

CITY OF WINTER HAVEN, FLORIDA
TABLE 12
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross W/S Fund Revenue	Less: Operating Expenses	Net Revenues	Bond Service Requirements	W/S System Development Charges	Debt Svc Coverage Test 1	Required Debt Svc Coverage Test 1	Debt Svc Coverage Test 2	Required Debt Svc Coverage Test 2
2009	$ 21,325,888	$ 13,835,847	$ 7,490,041	$ 3,181,680	$ 324,694	235%	115%	278%	120%
2010	21,144,056	13,048,445	8,095,611	4,032,210	462,479	201%	115%	212%	120%
2011	22,983,498	13,028,794	9,954,704	3,706,825	421,362	269%	115%	280%	120%
2012	24,063,228	13,179,690	10,883,538	3,840,726	462,288	283%	115%	295%	120%
2013	27,436,452	13,003,297	14,433,155	3,832,352	673,448	377%	115%	394%	120%
2014	31,701,970	14,738,168	16,963,802	3,776,418	830,120	449%	115%	471%	120%
2015	27,397,846	14,067,335	13,330,511	3,489,471	861,062	382%	115%	407%	120%
2016	32,575,899	19,249,338	13,326,561	1,819,029	790,282	733%	115%	776%	120%
2017	29,840,767	14,307,126	15,533,641	3,466,238	1,377,917	448%	115%	488%	120%
2018	30,000,937	15,809,782	14,191,155	3,554,438	1,391,495	399%	115%	438%	120%

1.) Gross revenues includes all income and earnings, including connection fees but does not include proceeds from the sale of the system, contributions in aid of construction or water and sewer system development fees.

2.) Operating expenses include all costs of operating the system but does not include depreciation expense, bond amortization, renewal and replacement reserve payments, the annual bond service requirement or transfers to other funds.

3.) Bond service requirement is the amount required to be deposited in the bond service fund during each bond year (Oct 1). The amount is reduced by the amount to be transferred from the construction fund to pay interest.

4.) Allowable water and sewer development charges based on water and sewer expansion percentage provision of the bond resolution.

5.) Net revenues divided by bond service requirements.

6.) Test 2 is net revenues plus legally available water and sewer system development charges divided by the bond service requirements.

CITY OF WINTER HAVEN, FLORIDA
TABLE 13
WATER AND SEWER CONSUMPTION
LAST TEN FISCAL YEARS

	Water Sold By Type of Customer (by millions of gallons)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Type of Customer										
Residential	2,007.4	2,041.0	1,656.2	1,748.7	1,699.0	1,760.7	1,904.2	1,978.7	1,807.9	1,938.6
Commercial	1,090.7	1,048.0	891.5	1,027.1	1,029.0	959.9	978.5	990.6	901.5	955.0
Municipal	95.6	131.0	119.2	138.4	124.0	114.3	124.9	142.6	115.9	95.8
Total	3,193.7	3,220.0	2,666.9	2,914.2	2,852.0	2,834.9	3,007.6	2,989.4	2,825.3	2,989.4

Source: Utility Department Consumption Journals

Water and Sewer Rates

	Water		Sewer	
Year	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gal
2009	4.79	1.58	6.67	3.68
2010	4.91	1.62	6.84	3.77
2011	5.03	1.66	7.01	3.86
2012	5.15	1.70	7.18	3.95
2013	5.45	1.76	7.71	4.09
2014	5.70	1.84	8.06	4.28
2015	6.00	1.77	8.48	4.21
2016	6.15	1.81	8.69	4.32
2017	6.31	2.10	8.91	4.92
2018	6.31	2.10	8.91	4.92

Notes: The rates are inside city residential rates and are based on a 3/4" meter which is the standard household meter size
The authority charges via a tiered rate schedule for above normal demand usage. Above charges do not include municipal tax.
Source: Utility Department

CITY OF WINTER HAVEN, FLORIDA
TABLE 14
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Per Capita Personal Income	Personal Income	Unemployment Rate	Average Annual Population Growth
2009	34,464	23,153	$ 797,944,992	9.8%	0.2%
2010	33,874	23,081	781,845,794	13.3%	-1.7%
2011	34,112	21,538	734,704,256	9.9%	0.7%
2012	34,388	18,294	629,080,296	10.0%	0.8%
2013	36,280	20,358	738,588,240	8.0%	5.5%
2014	37,016	21,448	793,919,168	7.0%	2.0%
2015	38,080	22,595	860,417,600	6.2%	2.9%
2016	39,524	24,200	956,480,800	6.4%	3.8%
2017	41,143	24,500	1,008,003,500	5.6%	4.1%
2018	42,828	34,213	1,465,274,364	4.3%	4.1%

Source: City of Winter Haven Growth Management Department

CITY OF WINTER HAVEN, FLORIDA
TABLE 15
PRINCIPAL EMPLOYERS
YEARS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2008

	2018			2009		
Employer	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Polk County School Board	13,000	1	4.64%	14,000	1	5.14%
Publix Super Markets	11,721	2	4.19%	9,500	2	3.49%
Lakeland Regional Medical Center	5,605	3	2.00%	4,600	5	1.69%
Wal-Mart	5,100	4	1.82%	5,100	3	1.87%
City of Lakeland	2,300	5	0.82%	2,500	9	0.92%
Geico	2,222	6	0.79%	2,000	10	0.73%
Polk County	2,200	7	0.79%	4,700	4	1.72%
Winter Haven Hospital	2,079	8	0.74%	2,500	8	0.92%
Polk County Sheriff's Office	1,955	9	0.70%			
Watson Clinic	1,851	10	0.66%	1,500	12	0.55%
Southeastern University	1,557	11	0.56%			
Legoland	1,500	12	0.54%			
State Farm Insurance				1,800	11	0.66%
State of Florida				4,300	6	1.58%
MOSAIC				4,000	7	1.47%
Federal Government				1,400	13	0.51%
GC Services				1,000	14	0.37%
Florida Natural Growers				1,000	15	0.37%
Total	51,090		18.25%	59,900		21.98%
Average annual employment	279,944			272,560		

The above statistics are the principal employers of Polk County, Florida,
of which Winter Haven is a primary city.
Data for the City is not available nor accumulated at this time.
Source: Central Florida Development Council (Update from April 23, 2018)
2009 Data - 2009 CAFR, Table 15

CITY OF WINTER HAVEN, FLORIDA
TABLE 16
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	57.50	65.75	57.03	54.03	62.69	61.03	60.23	61.48	64.52	72.80
Public safety										
Police	115.00	111.00	111.00	108.00	109.00	108.00	108.00	106.00	106.00	106.00
Fire	72.00	72.00	72.00	71.00	71.00	70.00	70.00	70.00	70.00	64.00
Building/Code Compliance	12.50	12.50	12.75	10.75	5.55	5.20	9.25	9.50	9.50	14.00
Transportation	15.30	11.50	13.50	13.50	12.63	11.70	12.08	12.95	12.95	13.70
Economic development	5.00	4.05	4.50	4.50	0.70	1.40	1.20	1.20	1.16	1.20
Human services	5.30	4.00	5.10	5.10	5.10	5.40	5.40	6.40	6.40	6.40
Culture and recreation										
Parks and recreation	57.55	55.55	55.65	55.65	55.65	56.75	58.15	59.15	53.90	56.50
Library	14.15	14.15	14.12	14.12	14.12	13.82	14.82	15.82	15.82	16.00
Stadium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.25	6.50
Willowbrook golf	0.00	0.00	0.00	0.00	0.00	8.00	8.00	8.00	10.00	10.00
Solid waste system	30.80	32.80	25.60	25.60	25.60	25.60	25.60	26.60	27.60	27.60
Utility system	105.00	104.00	92.00	81.00	76.21	82.20	81.37	82.00	84.00	92.00
Stormwater utility	10.90	6.70	6.75	6.75	7.75	7.90	7.90	6.90	6.90	8.30
Total	501.00	494.00	470.00	450.00	446.00	457.00	462.00	466.00	475.00	495.00

Note: Number of positions based on budgeted FTEs

CITY OF WINTER HAVEN, FLORIDA
TABLE 17
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety										
Police-physical arrests	2,341	1,837	1,895	1,578	1,647	1,389	2,151	2,069	2,835	1,236
Police-traffic violations	4,955	5,333	6,181	5,256	4,019	7,679	7,051	4,262	6,375	8,740
Fire-number of calls answered	8,273	8,192	7,344	6,450	5,912	6,032	6,046	6,199	6,611	5,416
Fire-number of fire inspections	2,139	1,969	2,282	2,215	1,973	1,926	1,513	2,116	2,525	3,312
Building permits issued	3,551	2,408	2,989	3,670	3,232	2,461	1,934	2,288	2,295	2,143
Transportation										
Street resurfacing in miles	1.80	0.00	1.73	2.34	2.56	2.81	0.81	2.42	4.70	3.35
Airport-landings and take offs	77,998	79,450	77,998	76,285	72,400	67,435	87,000	88,250	85,000	80,000
Airport-tenants	177	177	176	147	152	160	137	217	188	201
Leisure services										
Summer program participants	1,527	1,592	1,414	1,791	1,844	1,710	1,822	624	611	638
Swimming pool admissions	51,494	50,684	45,027	33,580	39,627	36,423	35,154	33,463	35,243	22,632
Library visitations	570,032	554,506	618,191	559,704	558,983	624,902	721,873	746,243	749,823	563,004
Library borrower cards	77,461	75,523	71,019	66,934	61,195	55,469	51,448	47,793	43,129	40,030
Human services										
Cemetery lot sales	141.0	161.0	132.0	147	154	104	152	132	125	167
Sanitation										
Tons of refuse disposed of	36,038	34,937	31,761	30,460	28,866	27,919	27,189	30,193	29,737	29,945
Solid waste accounts	17,900	16,397	14,864	14,864	14,692	14,250	12,782	12,552	12,377	12,170
Utility water/sewer										
Water accounts	36,783	35,691	34,424	33,669	32,734	31,893	31,256	30,899	30,625	30,514
Wastewater accounts	23,150	22,404	21,513	21,028	20,443	19,878	19,444	19,212	18,999	18,821
Gallons of water billed in (millions)	3,194	3,240	2,868	2,914	2,852	2,835	3,011	3,112	2,824	2,989
Consumption per customer (gallons)	86,826	90,779	83,325	86,548	87,128	88,890	96,321	100,713	92,253	97,955
Rainfall (inches)	54.86	47.70	52.86	75.59	51.35	40.49	52.74	43	46	45
Willowbrook golf course										
Rounds played	30,681	35,165	33,416	33,818	31,755	33,749	37,392	36,728	36,697	38,333

Source: Benchmark Statistics

CITY OF WINTER HAVEN, FLORIDA
TABLE 18
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government										
Number of building	157	157	157	157	157	157	157	154	155	152
Square footage of building space	804,453	804,453	804,453	804,453	804,453	804,453	804,453	799,453	813,968	762,028
Public safety										
Fire stations	3	3	3	3	3	3	3	3	3	3
Marked police vehicles	72	60	81	72	72	72	72	65	68	67
Transportation										
City lane miles	324.4	313.76	313.76	313.76	313.76	310.32	308	308	308	308
Traffic signals heads/Pedestrian signal	378/298	378/298	378/298	378/298	378/298	378/298	378/298	362/280	362/280	362/280
Street lights High Mast/Decorative	691/484	691/484	691/484	691/484	674/449	674/449	674/449	674/404	145/365	145/365
Commercial airport	1	1	1	1	1	1	1	1	1	1
Airport Hangars	30	30	30	30	30	30	30	30	30	28
Airport T-hangars	125	125	125	125	125	125	125	125	125	125
Economic environment										
Acres of land within city limits	26,203	25,937	26,050	26,116	25,705	25,699	25,697	25,427	25,410	25,408
Culture & recreation										
Parks	46	46	46	46	46	46	46	46	46	46
Parks acreage	655	655	655	655	655	655	634	634	634	634
Recreation centers	5	5	5	5	5	5	5	5	5	5
Activity fields	27	24	24	24	24	24	24	24	24	24
Playgrounds	15	14	14	14	14	14	14	14	13	13
Libraries	1	1	1	1	1	1	1	1	1	1
Tennis courts	9	11	11	11	11	11	11	11	11	11
Enterprise funds										
Utility system										
Water treatment plants	9	9	11	11	11	11	11	11	11	11
Fire hydrants	2,187	2,254	2,232	2,227	1,869	1,869	1,869	1,869	1,869	2,050
Wastewater treatment plants	2	2	2	2	2	2	2	2	2	2
Lift stations	208	195	193	192	192	192	192	192	192	191
Water main miles	518	509	509	510	385	505	505	495	463.5	462
Sanitary sewer miles	338	329	328	328	328	460	460	450	327.3	327
Reclaimed main miles	31	27	24	*	*	*	*	*	*	*
Solid waste system										
Number of collection vehicles	24	22	21	19	19	19	19	19	24	25
Stormwater										
Waterway acreage	5,242	5,242	5,242	5,242	5,242	5,242	5,242	5,242	5,242	5,242
Golf Courses										
Willowbrook golf course	1	1	1	1	1	1	1	1	1	1
Golf course acreage	126.54	126.54	126.54	126.54	126.54	126.54	126.54	126.54	126.54	126.54

* Not reported/tracked

CITY OF WINTER HAVEN, FLORIDA
TABLE 19
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2018

Date of incorporation:	November 1923
Form of government:	Mayor/commissioners-four commissioners and mayor City manager: appointed
Location:	North Central Polk County, Central Florida
Area:	40.941 square miles
Topography:	Flat to gently rolling
Climate:	Subtropical
Average rainfall	52
Number of lakes:	30
Area of lakes	7.88 square miles (19.5% of city area)
Water supply source:	Florida Aquifer
Water district:	Southwest Florida Water Management District
Standard metropolitan statistical area:	Lakeland/Winter Haven
Industry/commerce	Logistics and Distribution, Tourism, Software and Information Technology, Medical, Business and Professional Services, Agribusiness
Area attractions:	Legoland Florida Bok Tower Historical Gardens

CITY OF WINTER HAVEN, FLORIDA
TABLE 20
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 2018

Coverage/Policy# Insurer/Agency	Deductible	Description	Amount	Expiration Date	Premium
FMIT					
Florida League of Cities				10/1/2018	$ 1,435,387
FMIT 0662					
Property & Business Interruption	$100,000 per occurrence	Blanket Building & Personal Property	$150,000,000		
	3% of value per named storm	Business Loss	$2,245,151		
Inland Marine	$1,000 per loss > $50K	Watercraft and Equipment > $ 15,000	$2,640,998		
	$500 per loss < $50K				
General Liability &	$25,000 per occurrence	Bodily or Personal Injury and	$200,000/$300,000		
Law Enforcement Liability	$397,300 Aggregate Stop Loss	Property Damage	$5,000,000		
Privacy & Security Network Liability	Up to $35,000 per occurrence	Information privacy	$500,000		
Auto Liability/	$25,000 per occurrence	Automobile liability	$200,000/$300,000		
Physical Damage	$85,398Aggregate Stop Loss		$5,000,000		
Workers Compensation	None	Employer's liability	$1,000,000		
Community Redevelopment Agency				10/1/2018	$ 8,437.00
FMIT1231	None	General liability per occurrence	$300,000		
Florence Villa Community Redevelopment Agency				10/1/2018	$ 7,609.00
FMIT1297	None	General liability per occurrence	$300,000		
Crime				10/1/2018	$ 14,828.00
105687807	$50,000 per occurrence	Public employee dishonesty	$5,000,000		
Travelers Casualty & Surety Co.		Forgery	$5,000,000		
A.J. Gallagher		Theft	$5,000,000		
		Computer Fraud	$5,000,000		
Faithful Performance					
Finance Director	None	Each Loss	$100,000	10/1/2018	$ 375.00
285008730					
Liberty Mutual					
A.J. Gallagher & Co					

CITY OF WINTER HAVEN, FLORIDA
TABLE 20
SCHEDULE OF INSURANCE IN FORCE (CONTINUED)
SEPTEMBER 30, 2018

Coverage/Policy# Insurer/Agency	Deductible	Description	Amount	Expiration Date	Premium
Group Health (self insured) Claims Admin: BCBS Crowne Consulting	$1,500 individual $4,500 family $25 co-pay $50 co-pay for Specialist	All covered health/dental claims and prescriptions up to excess loss coverage amount		12/31/2018	$ 701.12 employee per year
Group Life Insurance GL-5323-(6) Kansas City Life Ins Crowne Consulting	None	Life insurance per employee	$10,000	12/31/2018	$ 55,380.10
Excess Loss-Health 1600923400-Symetra Dental Claims Prescriptions Safeco Life Ins Co Crowne Consulting	$250,000 per individual $265,345 aggregate	Individual Max	Unlimited	12/31/2018	$ 26.83 employee/retiree per month
Airport Owners & Operators Liability AAPN00979636012 Ace Property/Casualty Parker Stevens Agency	None None $2,500 $2,500 None	Bodily Injury and Property Damage per occurrence Personal and Advertising Injury Liability per occurrence Hangarkeepers Liability Any one occurrence Any one aircraft Non-Owned Aircraft Liability per occurrence	$25,000,000 $25,000,000 $2,500,000 $2,500,000 $25,000,000	10/1/2020	$ 25,332.00 3 years
Police Officers/Firefighters **Statutory Death** ETB 110527 Hartford Life and Accident Insurance AJ Gallagher & Co	None	Accidental Death on Duty Unlawful/Intentional Death	$67,901 $198,273	10/1/2018	$ 12,968.00 2 years

CITY OF WINTER HAVEN, FLORIDA
TABLE 20
SCHEDULE OF INSURANCE IN FORCE (CONTINUED)
SEPTEMBER 30, 2018

Coverage/Policy# Insurer/Agency	Deductible	Description	Amount	Expiration Date	Premium
Liquor Liability					
Scottsdale Insurance Company	None	Each Common Cause	$1,000,000	10/1/2018	$ 1,035.00
Parker Stevens Agency	None	Aggregate	$2,000,000		
CPS 2892268					
Storage Tank Liability					
FPL4973007	$25,000 each incident	Each Incident Limit	$1,000,000	6/23/2019	$ 9,490.00
Commerce & Industry Ins Co		Aggregate Limit	$5,000,000		
Public Officials and Employment Practices Liability	$50,000 each wrongful act or employment practice violation	Each Loss/Annual Aggregate	$1,000,000	10/1/2018	$ 78,583.00
02-306-39-70					
Illinois National Insurance Company					
Parker Stevens Agency					
Pollution Legal Liability					
0310-9733	$25,000 each incident	Each Incident Limit	$1,000,000	10/1/2020	$ 50,187.16
Allied World Insurance Company		Policy Aggregate	$2,000,000		3 year term
Parker Stevens Agency					
Pension & Welfare Fund					
Fiduciary Responsibility	$10,000 each claim	Annual Aggregate	$1,000,000	10/1/2018	$ 7,696.00
105995320					
Travelers Casualty & Surety Co					
A.J. Gallagher & Co					
Special Event-Rentals LS					
ESE 177039	$500 per claim	Each Occurrence/Aggregate	$1,000,000	10/1/2018	$ 250.00
Lloyds of London		Personal and Advertising Injury Limit	$1,000,000		
Parker Stevens Agency		Fire Damage Liability	$50,000		
International Special Risk					
Flood					
09115143903	$1,000 per occurrence building	Building	$100,000	12/13/2018	$ 1,165.00
Wright National	$1,000 per occurrence contents	Contents	$50,000		
Parker Stevens Agency					

OTHER REPORTS

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

Grantor/Pass through Grantor/ Program or Cluster Title	CFDA Number	Grant Contract Number	Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Direct Programs:				
CDBG Program Cluster:				
Community Development Block Grant	14.218	B-15-MC-12-0023	$ 40,899	$ -
Total CDBG Program Cluster and U.S. Department of Housing and Urban Development			40,899	-
U.S. Department of Justice				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0208	16,168	-
Bulletproof Vest Partnership Program	16.607	1121-0235	338	
Bulletproof Vest Partnership Program	16.607	1121-0235	14,825	-
Total CFDA 16.607			15,163	-
Total U.S. Department of Justice			31,331	-
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	3-12-0088-025-2016	3,265,144	-
Airport Improvement Program	20.106	3-12-0088-026-2018	39,951	-
Airport Improvement Program	20.106	3-12-0088-027-2018	240,801	-
Total Airport Improvement Program/ CFDA 20.106			3,545,896	-
Highway Planning and Construction Cluster:				
Passed through Florida Department of Transportation:				
Highway Planning and Construction	20.205	438265-1-38-01	578	-
Total U.S Highway Administration			578	-
Total U.S. Department of Transportation			3,546,474	-
U.S. Environmental Protection Agency:				
Passed through FDEP:				
Nonpoint Source Implementation	66.460	C9-99451515-0	21,750	-
Total U.S Environmental Protection Agency			21,750	-
Total Expenditures of Federal Awards			$ 3,640,454	$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Winter Haven (City). The City reporting entity is defined in Note 1 to the City's basic financial statements for the year ended September 30, 2018. All federal awards received directly from the respective federal agencies and passed through from state and local agencies are included in the schedule. The City did not receive noncash assistance during the year. There were no loans or loan guarantees outstanding.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for awards recorded in the governmental funds and the accrual basis of accounting for awards recorded in the proprietary funds, which are described in Note 1 to the City's financial statements. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any would have a material effect on the financial position of the City. As of April 12, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winter Haven, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 12, 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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2018-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

City of Winter Haven's Response to Finding

The City of Winter Haven's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Winter Haven, Florida
April 12, 2019

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

A member of Nexia International

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

Report on Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Winter Haven, Florida
April 12, 2019

CITY OF WINTER HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
YEAR ENDED SEPTEMBER 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____X____ yes _____ no
   - Significant deficiency(ies) identified _____ yes ____X____ none reported
3. Noncompliance material to financial statements noted? _____ yes ____X____ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? _____ yes ____X____ no
   - Significant deficiency(ies) identified _____ yes ____X____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ____X____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? _____ yes ____X____ no

Section II – Financial Statement Findings

2018-001 – Material Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Receivables and unavailable revenue, a deferred inflow of resources, were not recorded for Airport Improvement Program grant reimbursement amounts that were outstanding past the period of availability for revenue recognition in the governmental funds. A material adjustment of $321,553 was required to record the receivables and unavailable revenue in the Airport Fund.

Portions of the utility cycle billings, which include services provided in August and September that are not billed until after the fiscal year end, were not included in revenue and receivables. A material adjustment of $77,896 was posted to the Solid Waste Fund to record the billings in current year receivables and revenue.

Utility refunds are posted to the Water and Sewer Fund throughout the fiscal year, and the portions applicable to the Solid Waste and Stormwater Funds are usually reclassified to those funds during the closing process. The reclassification entry was not posted during the closing process, and therefore, a material adjustment was posted to Water and Sewer Fund receivables for $489,871, Solid Waste Fund receivables for $395,636, and to Stormwater Fund receivables for $94,235.

Criteria or specific requirement: City management is responsible for establishing and maintaining internal controls over the proper recording of all the City's transactions and reconciliation and review of the City's account balances.

Context: During testing of grant revenues, it was noted that amounts receivable and related unavailable revenue for the Airport Improvement Program grant were not recorded. During the recalculation of the portion of utility revenue earned but not yet billed as of September 30, 2018, it was noted that the receivables did not include all applicable charges for services revenue accounts. Analytical procedures performed over accounts receivable identified that prior year to current year changes in utility funds were not comparable.

Effect: Airport Fund receivables and unavailable revenue were understated by the amount not received within the period availability. Current year revenue and receivables were understated for a portion of utility revenue applicable to the fiscal year. Receivable balances were misstated between the utility funds for amounts not properly reclassified.

Section II – Financial Statement Findings (Continued)

2018-001 – Material Adjustments (Continued)

Cause: The City experienced turnover in the accounting department during the year-end closing process. The City did not have a procedure in place to ensure that grant receivables recorded were complete. Additionally, there were no procedures in place to review the calculation of utility revenue earned but not billed as of September 30, 2018. Lastly, there was a lack of review over ending utility receivable balances.

Repeat Finding: Yes, see prior year finding 2017-001 for Material Adjustments.

Recommendation: We recommend management track revenues and related receivables in accordance with governmental reporting requirements. We recommend management implement procedures for reviewing portions of utility revenue earned but not billed at year-end. We recommend reviewing all major balance sheet accounts, including utility receivables, at year-end.

Views of responsible officials and planned corrective actions: At the conclusion of fiscal year ending September 30, 2019, staff will ensure that all services used (Water and Sewer, Solid Waste and Stormwater) by customers within the fiscal year but not billed until after fiscal year end will be accrued. In addition, all major balance sheet accounts will be reviewed at year-end.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

MANAGEMENT LETTER

To the Mayor and Members of the City Commission
City of Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Winter Haven, Florida (the City), as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated April 12, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 12, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Prior year findings were corrected except where noted in the schedule of findings and questioned costs.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in the notes to the financial statements.

To the Mayor and Members of the City Commission
City of Winter Haven, Florida

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific 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 for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Special District Component Units

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not 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, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Winter Haven, Florida
April 12, 2019

CliftonLarsonAllen LLP
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INDEPENDENT ACCOUNTANTS' REPORT

To the Mayor and Members of the City Commission and the Florida Auditor General
City of Winter Haven, Florida

We have examined the City of Winter Haven, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Winter Haven, Florida
April 12, 2019