

CITY OF BARTOW, FLORIDA

T.I.N. No. 59-6000272

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

September 30, 2014

CITY OF BARTOW, FLORIDA

September 30, 2014

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MANAGEMENTS' DISCUSSION AND ANALYSIS

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

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

Financial Highlights

- The City's assets exceeded its liabilities at the close of fiscal year 2014 by \$88,762,890 (net position). Of this amount, \$23,465,462 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$2,967,975, or 3.5% during the year. Net position for governmental activities increased by \$756,232, or 2.8%, while the business-type net position increased by \$2,211,743, or 3.8%. In addition, the City decreased the beginning net position of governmental activities by \$35,716 and business-type activities by \$423,514 to remove unamortized bond issue cost as required by Governmental Accounting Standards Board Statement No. 65 (GASB 65).
- Total combined revenues resulting from governmental activities and business-type activities increased \$4,102,664 or 6.6% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased \$2,141,328 or 3.5% when compared to the prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,428,830, an increase of \$1,629,304, or 13.8% for the year.
- The City's business-type activities transferred \$9,916,751 to cover the cost of governmental activities not funded by taxes or user fees. This is an increase of \$60,000, or 0.6% when compared to the prior year transfer.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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Statement of Activities seek to give the user a combined overview of the City's financial position. The Financial Statements use accrual accounting (which focuses on economic resources) in the government-wide statements, while maintaining modified accrual accounting (which focuses on current financial resources—budget basis) at the fund level (governmental funds only). This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements (pages 4-5) consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, law enforcement, fire control, building and zoning, public works, transportation, library, parks and recreation, and community development. The business-type activities of the City consist of electric, water, wastewater, sanitation, stormwater, information technology and airport services. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

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

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

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

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Fund Financial Statements

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

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

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

The City maintains four separate governmental funds – the General Fund, the Community Redevelopment Agency Fund, the Transportation Fund, and the Fire Services Fund. Information is presented separately for each fund in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. These statements can be found on pages 6 and 8, respectively. The Transportation and Fire Services Funds have been combined and are reported as non-major governmental funds. More detail on these two funds can be found in the "Other Supplementary Information" section (pages 52-55).

The City adopts an annual appropriated budget each year in September. Budgetary comparison statements have been provided to demonstrate compliance with the budget. These can be found for the General Fund and the CRA on pages 49 and 50 in the "Required Supplementary Information" section.

The basic Governmental Funds financial statements can be found on pages 6-9 and the presentation is on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

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Proprietary Funds. The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its electric, water, wastewater, sanitation, information technology, stormwater, and airport activities. The Sanitation, Information Technology, and Stormwater Funds are combined and shown as non-major funds. More detail on these three funds can be found in the "Other Supplementary Information" section (pages 56-58). The other proprietary fund type known as Internal Service Funds is an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not presently utilize Internal Service Funds. The basic proprietary fund financial statements can be found on pages 10-12 of this report.

Fiduciary Funds. Fiduciary funds are used to account for pension resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 13 and 14 of this report. Additional detail on the individual pension plans can be found on pages 59 and 60 of the "Other Supplementary Information" section.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 15 and continue through page 48.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's position exceeded liabilities by \$88,762,890. The following table reflects a summary of Net Position compared to the prior year. For additional information, see the Statement of Net Position on page 4.

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Statement of Net Position (Summary) As of September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 15,456,611	\$ 13,691,628	\$ 37,427,497	\$ 33,281,619	\$ 52,884,108	\$ 46,973,247
Capital assets,						
net of depreciation	24,075,049	24,545,704	64,816,962	65,642,315	88,892,011	90,188,019
Total assets	39,531,660	38,237,332	102,244,459	98,923,934	141,776,119	137,161,266
Current and other liabilities	1,336,542	1,183,384	7,154,265	5,346,544	8,490,807	6,529,928
Long-term liabilities	10,034,258	9,613,604	34,488,164	34,763,589	44,522,422	44,377,193
Total liabilities	11,370,800	10,796,988	41,642,429	40,110,133	53,013,229	50,907,121
Net position:						
Net investment in						
capital assets	20,891,875	20,721,078	35,321,233	35,888,547	56,213,108	56,609,625
Restricted	2,282,718	1,837,709	6,801,602	5,540,736	9,084,320	7,378,445
Unrestricted	4,986,267	4,881,557	18,479,195	17,384,518	23,465,462	22,266,075
Total net position	\$ 28,160,860	\$ 27,440,344	\$ 60,602,030	\$ 58,813,801	\$ 88,762,890	\$ 86,254,145

Approximately 63.3% of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding, compared to 65.6% for the prior year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 10.2% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 8.6% in the prior year. The remaining balance of unrestricted net position, \$23,465,462, or 26.4% of the City's net position in 2014 may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$1,199,387, or 5.4% for the year. Total net position of the City has increased by \$2,508,745 or 2.9% for the year.

Statement of Activities. The 2014 results of operations of the City of Bartow are presented on page 5 in a format that reports the net (expense) or revenues of its individual programs. The following table reflects a summary of the statement of activities compared to the prior year.

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Statement of Activities (Summary)						
As of September 30						
	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 1,907,559	\$ 1,853,554	\$ 52,581,347	\$ 50,114,317	\$ 54,488,906	\$ 51,967,871
Operating grants and contributions	1,305,046	1,333,656	-	-	1,305,046	1,333,656
Capital grants and contributions	423,747	273,069	2,181,908	1,160,204	2,605,655	1,433,273
General revenues:						
Property taxes - General	1,748,116	1,732,111	-	-	1,748,116	1,732,111
Property taxes - CRA	697,248	673,349	-	-	697,248	673,349
Pub Svc Tax/Franchise Fees	2,634,552	2,545,458	-	-	2,634,552	2,545,458
Transportation Fuel Taxes	864,638	819,943	-	-	864,638	819,943
State Shared revenue	1,565,595	1,483,931	-	-	1,565,595	1,483,931
Other	255,051	39,992	438,774	471,333	693,825	511,325
Total revenues	11,401,552	10,755,063	55,202,029	51,745,854	66,603,581	62,500,917
Expenses:						
General government	2,887,883	2,927,735	-	-	2,887,883	2,927,735
Law enforcement	5,892,698	5,787,634	-	-	5,892,698	5,787,634
Fire control	2,142,263	2,064,646	-	-	2,142,263	2,064,646
Building and zoning	412,858	457,876	-	-	412,858	457,876
Public works	1,171,825	1,083,097	-	-	1,171,825	1,083,097
Transportation	1,345,252	1,328,609	-	-	1,345,252	1,328,609
Library	1,170,919	1,124,845	-	-	1,170,919	1,124,845
Parks and recreation	4,848,809	4,875,346	-	-	4,848,809	4,875,346
Community redevelopment	467,771	498,285	-	-	467,771	498,285
Interest on long-term debt	221,793	174,557	-	-	221,793	174,557
Electric	-	-	26,988,931	25,616,285	26,988,931	25,616,285
Water	-	-	4,358,412	4,274,052	4,358,412	4,274,052
Wastewater	-	-	3,779,323	3,672,136	3,779,323	3,672,136
Sanitation	-	-	2,767,385	2,675,599	2,767,385	2,675,599
Stormwater	-	-	551,537	596,134	551,537	596,134
Information Technology	-	-	247,071	167,540	247,071	167,540
Airport	-	-	4,380,876	4,169,902	4,380,876	4,169,902
Total expenses	20,562,071	20,322,630	43,073,535	41,171,648	63,635,606	61,494,278
Increase(decrease) in net position						
before transfers	(9,160,519)	(9,567,567)	12,128,494	10,574,206	2,967,975	1,006,639
Transfers	9,916,751	9,856,751	(9,916,751)	(9,856,751)	-	-
Increase(decrease) in net position	756,232	289,184	2,211,743	717,455	2,967,975	1,006,639
Net position - Beginning (restated)	27,404,628	27,151,160	58,390,287	58,096,346	85,794,915	85,247,506
Net position - Ending	\$ 28,160,860	\$ 27,440,344	\$ 60,602,030	\$ 58,813,801	\$ 88,762,890	\$ 86,254,145

Governmental activities

On the actual statement of activities, general revenues including transfers are reported separately after the total net expenses of the City's functions, ultimately arriving at the "increase (decrease) in net position" for the years. The City has in place fees and charges that are designed to recover in part or in whole the cost of providing services. Florida case law prevents recovery of more than the cost of services provided, except for proprietary activities. In 2014, Operating Grants and Contributions were received for General Government, Law Enforcement, Fire Control, the Library, and Parks & Recreation. In 2014,

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Capital Grants and Contributions were received for General Government, Law Enforcement, Transportation and Parks & Recreation.

During 2014, governmental net position increased by \$756,232 compared to an increase in 2013 of \$289,184, a net improvement of \$467,048. However, to achieve these modest results, transfers in of \$9,916,751 were required in 2014, compared to transfers in of \$9,856,751 in 2013. This over-reliance on business-type activities to fund governmental activities is not a favorable situation. Overall, total revenues are up \$646,489 or 6.0%, total expenses are up \$239,441 or 1.2%, and transfers are up \$60,000 or 0.6%. Following are key changes in the statement of activities from 2013 to 2014:

- Capital grants and contributions are up \$150,678 or 55.2% in 2014 compared to 2013, primarily impact fees and new capital grants.
- Property taxes are up \$39,904 or 1.7% in 2014 compared to 2013. The City's millage rate decreased slightly from 3.96625 in 2013 to 3.960 in 2014, but valuations were up in the City as a whole due to the improvement in the economy.
- Other program and general revenues were up \$455,907 for various reasons.

On the expense side:

- General Government expenses are down \$39,852 or 1.4%. A variety of factors contributed to this reduction.
- Law Enforcement expenses are up \$105,064 or 1.8%. Retirement contributions and workers compensation alone are up \$131,976.
- Public Works expenses are up \$88,728 or 8.2% for various reasons.

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

Business-type activities

Business-type activities experienced an increase in net position of \$2,211,743 compared to an increase of \$717,455 in the prior year. This is after the transfer supporting governmental activities discussed above. Operating income is up \$530,717 or 5.1% and Airport capital contributions are up \$1,038,038, from \$421,515 in 2013 to \$1,459,553 in 2014. Following are the highlights of the changes from 2013 to 2014, by major fund:

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- In the Electric Fund, the change in net position decreased from \$379,896 in 2013 to \$298,193 in 2014, a reduction of \$81,703. Charges for services increased by \$1,350,163 or 3.9%, and power costs increased by \$1,248,917. Other expenses were up slightly. Because the City uses a power cost adjustment in its retail electric rates, increases and decrease in power costs have a corresponding effect on operating revenues.
- In the Water Fund, the change in net position increased from \$(219,229) in 2013 to \$(202,450) in 2014, an improvement of \$16,779. Charges for services increased by \$155,534 or 4.0%; a rate increase in 2014 more than offset reduced consumption. Expenses increased \$84,360 or 2%, and \$250,000 was transferred to the General Fund in 2014, same as prior year.
- In the Wastewater Fund, the change in net position increased from \$214,977 in 2013 to \$945,303 in 2014, an improvement of \$730,326. Charges for services increased by \$816,591 or 21.8%; a new agreement with Polk County accounted for \$728,924 of the increase (the City did not change other wastewater rates in 2014 or 2013). Expenses increased 107,187 or 2.9%, and \$350,000 was transferred to the General Fund in 2014, same as prior year.
- In the Airport Fund, the change in net position increased from \$(116,602) in 2013 to \$722,121 in 2014, an improvement of \$838,723. Charges for services increased by \$13,053 or 0.4%, and expenses increased \$210,974 or 5.1%. As mentioned above, capital grants increased \$1,038,038.
- In the combined Non-Major Funds, the change in net position decreased from \$458,413 in 2013 to \$448,576 in 2014, a reduction of \$9,837. Operating revenues increased by \$131,689 or 3.4%, and expenses increased \$126,720 or 3.7%. Combining statements can be found on pages 56-58 under the "Other Supplementary Information" section of the financial statements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The fund financial statements for the governmental funds can be found on pages 6 and 8. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the General Fund and the Community Redevelopment Agency as major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund

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balance of \$13,428,830. Of this amount, \$213,929 or 1.6% is non-spendable, \$2,268,495 or 16.9% is legally restricted for specific purposes, \$65,473 or 0.5% has been assigned by the City Commission for fire services, and \$10,880,933 or 81% is unassigned and available for spending at the City's discretion. Following is a discussion of individual major governmental funds.

General Fund. The General Fund is the chief operating fund of the City. At year end, unassigned fund balance of the General Fund totaled \$10,880,933, and total fund balance was \$11,691,234. This represents 67.9% and 73.0% respectively, of total General Fund expenditures for the year ended September 30, 2014.

In the General Fund, the change in fund balance for the year decreased from \$1,769,884 in 2013 to \$1,265,946 in 2014, a decline of \$503,938. Following is a summary of the changes from 2013 to 2014:

- Revenues are up \$183,661 or 2.1%. The biggest portion is taxes, which are up \$107,395. Intergovernmental revenues are up \$98,850 or 5.1%. "Other" revenues are down \$35,119.
- Expenses are up \$606,186 or 3.9%. Capital outlay increased \$412,763, and debt service increased \$332,059, including the payoff of the cemetery property loan. Salaries and wages decreased \$120,184 or 1.4%.
- Net transfers in are down \$83,816.

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

At year end, restricted fund balance in the CRA Fund totaled \$597,612, an increase of \$129,473 for the year. Following is a summary of the changes from 2013 to 2014:

- Revenues are up \$22,538 or 3.3%, mostly property taxes, the result of increased property values within the CRA boundaries.
- Combined expenditures and transfers out were down \$171,079 or 23.0%, mainly due to a decrease in contract services.

Proprietary Funds. The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but in more detail. The City's proprietary funds consist of seven enterprise funds. The financial statements for the four major enterprise funds can be found on pages 10-12. The financial statements for the

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three non-major enterprise funds can be found on pages 56-58. Factors concerning the individual enterprise funds have been addressed above in the discussion of the City's business-type activities.

Fiduciary Funds. The City uses Fiduciary Funds to report assets held in a trustee or agency capacity that are therefore, not available to support City programs. The City maintains three single-employer defined benefit pension plans for its employees. The balances and activity in the General, Fire and Police Pensions are presented in the fiduciary fund financial statements found on pages 13 and 14 of the Financial Section of this report.

The three pension plans held \$44,738,369 of net assets in trust for pension benefits at September 30, 2014. This is an increase of \$4,765,964 or 11.9% for the year. For additional information, see Note 9 on pages 41-43.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual to budget comparison can be found on page 49. As shown on that page, the original 2014 General Fund did not project any surplus. Amendments to the original budget during 2014 resulted in a projected surplus of \$1,001,645, and included the following:

- The original budget for revenues and other financing sources was reduced by \$81,975. Amendments included reductions in intergovernmental revenues of \$97,975 (mostly grants), and increases in "other" revenues of \$16,000 (various).
- The original budget for expenditures and transfers out was reduced by \$1,083,620. Amendments included reductions to general government of \$929,733 (mostly Commission, City Manager and Internal Audit), physical environment-public works of \$122,475 and public safety of \$241,159.

As shown on page 49, actual results for 2014 were \$264,301 better than budget. Actual revenues came in \$11,552 or 0.1% lower than the final amended budget. No single category was significantly over or under budget. Expenditures came in \$260,165 or 1.6% lower than the final amended budget, spread across all departments. Net transfers in were \$15,688 better than budget, related to the transfer out to Fire Services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$88,892,011 (net of accumulated depreciation), a decrease of \$1,296,008 for the current year. Governmental net additions were \$924,835 and depreciation was \$1,395,490 for a net decrease of \$470,655. Business-type net additions were \$3,357,718

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and depreciation was \$4,183,071, for a net decrease of \$825,353. Following is a schedule of capital assets at the end of the current and prior year:

Capital Assets at September 30 (net of depreciation)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2014	2013	2014	2013	2014	2013	
Land	\$ 5,617,735	\$ 5,617,735	\$ 1,662,582	\$ 1,662,582	\$ 7,280,317	\$ 7,280,317	
Buildings and Improvements	14,558,980	14,298,247	121,355,978	119,327,950	135,914,958	133,626,197	
Equipment	5,971,431	5,753,902	10,027,837	8,573,235	15,999,268	14,327,137	
Infrastructure	29,670,873	29,416,875	-	-	29,670,873	29,416,875	
Accumulated Depreciation	(31,914,393)	(30,635,156)	(68,641,070)	(64,478,971)	(100,555,463)	(95,114,127)	
Construction in process	170,423	94,101	411,635	557,519	582,058	651,620	
Total	\$ 24,075,049	\$ 24,545,704	\$ 64,816,962	\$ 65,642,315	\$ 88,892,011	\$ 90,188,019	

Capital asset net additions during 2014 included the following:

Governmental Activities:

- Vehicles - \$97,134
- Various improvements - \$337,055
- Street resurfacing - \$253,998
- Other equipment - \$245,179
- Disposals - \$(8,531)

Business-type Activities:

- Electric Fund - \$320,299
- Water Fund - \$73,854
- Wastewater Fund - \$366,826
- Airport Fund - \$1,775,936
- Sanitation Fund - \$14,320
- Stormwater Fund - \$806,483

Additional information on the City's capital assets can be found on pages 34-35 of the Notes to the Financial Statements.

Long-term obligations. At the end of the current fiscal year, the City's long-term obligations totaled \$44,522,422 compared to \$44,377,193 at the end of 2013. Long-term obligations include long-term debt and other obligations. Long-term debt consists of bonds and notes. At the end of the current fiscal year, the City's long-term debt totaled \$34,606,141, a reduction of \$1,358,722 for the year. Of the year-end balance, \$3,183,174 was in governmental activities and \$31,422,967 in business-type activities. In 2014 the City issued a new BB&T Series 2014-A note that refunded the FMLC revenue bonds, Series 2005A and 2005D. The new debt issue is split between governmental and business-type

**City of Bartow
Management's Discussion and Analysis
September 30, 2014**

activities. Other scheduled principal payments were \$725,916 in governmental activities and \$817,069 in business-type activities. Other changes for 2014 were \$(66,521) in governmental activities and \$55,784 in business-type activities.

Long-term obligations consist of obligations related to workers compensation claims, other post-employment benefits (OPEB), accrued compensated absences and future landfill post-closure costs. At the end of the current fiscal year, the City's long-term obligations totaled \$9,916,281, an increase of \$1,503,951 for the year. Of the year-end balance, \$6,851,084 was in governmental activities and \$3,065,197 in business-type activities. The increase in the net OPEB obligation amounted to \$1,401,162 of the current year change.

ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET AND RATES

Factors considered in preparing the City's 2014-15 fiscal year budget were:

- The unemployment rate for the Central Florida area as of October 2014 was 6.9% compared to 5.8% state-wide and 5.7% nationally.
- The operating millage rate for the 2014-2015 fiscal year was decreased from \$3.9960 to \$3.9075 per \$1000 of taxable value.
- The taxable value of commercial and residential property increased \$23,109,308, or 4.46% in the 2014 tax year. This is 29.64% below the point at which City property values peaked seven years ago.
- The Fire Assessment, enacted in 2009, was set at a level to recover 25% of the cost of fire services.
- Water rates will increase 4.12% beginning October 2014. Sewer rates will remain unchanged. Annual adjustments have been preset through the fiscal year ending September 30, 2016.
- There were no changes to electric, solid waste or stormwater rates.
- The City has relied on attrition to reduce its workforce. Some positions have been permanently abolished and those changes were incorporated into the budget.
- This budget begins to reflect the City's Strategic Plan which relies on the prioritization of City services to allocate resources.
- The City's population has once again remained constant at approximately 17,312 in 2014. No material increase or decrease in population is expected for the 2014-2015 fiscal year.

REQUEST FOR INFORMATION

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bartow, Florida (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the police officers' pension plan or the firefighters' pension plan, which represent 46% and 14%, respectively, of the assets and expenditures/deductions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the police officers' pension plan and the firefighters' pension plan, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors 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, based on our report and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 24, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Punio, Gray and Company, LLP

April 24, 2015
Sarasota, Florida

CITY OF BARTOW, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
as of **September 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 13,018,557	\$ 18,672,814	\$ 31,691,371
Investment securities		600,000	600,000
Receivables, current:			
Customer accounts, net	288,306	6,171,198	6,459,504
Intergovernmental and other	668,698	18,952	687,650
Notes receivable, net	14,223		14,223
Inventories and prepaids	199,706	1,433,020	1,632,726
Restricted assets:			
Equity in pooled cash and cash equivalents	1,203,317	10,363,006	11,566,323
Customer receivable	63,804	168,507	232,311
Capital assets:			
Non-depreciable	5,788,158	2,074,217	7,862,375
Depreciable, net	18,286,891	62,742,745	81,029,636
TOTAL ASSETS	39,531,660	102,244,459	141,776,119
LIABILITIES			
Accounts payable and accrued expenses	528,442	2,485,228	3,013,670
Accrued wages	567,733	165,585	733,318
Accrued interest payable	28,984	498,405	527,389
Due to other governments	174,280		174,280
Unearned revenue	37,103	1,525,696	1,562,799
Customer deposits		2,479,351	2,479,351
Long-term obligations:			
Due within one year	261,621	1,597,332	1,858,953
Due in more than one year	9,772,637	32,890,832	42,663,469
TOTAL LIABILITIES	11,370,800	41,642,429	53,013,229
NET POSITION			
Net investment in capital assets	20,891,875	35,321,233	56,213,108
Restricted for:			
General government facilities	554,081		554,081
Community redevelopment	597,612		597,612
Transportation	1,073,878		1,073,878
Municipal Airport activities		2,278,218	2,278,218
Debt service	57,147	1,145,810	1,202,957
Water and wastewater improvements		3,377,574	3,377,574
Unrestricted	4,986,267	18,479,195	23,465,462
TOTAL NET POSITION	\$ 28,160,860	\$ 60,602,030	\$ 88,762,890

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
for the year ended September 30, 2014

FUNCTIONS/PROGRAMS: PRIMARY GOVERNMENT:	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	\$ 3,884,265	\$ (996,382)	\$ 40,630	\$ 217	\$ 144,579	\$ (2,702,457)	\$	\$ (2,702,457)
Law enforcement	5,892,698		117,728	143,773	2,624	(5,628,573)		(5,628,573)
Fire control	2,142,263		89,392	511,471		(1,541,400)		(1,541,400)
Building and zoning	412,858		278,119			(134,739)		(134,739)
Public works	1,200,322	(28,497)	1,390			(1,170,435)		(1,170,435)
Transportation	1,345,252		123,489		141,755	(1,080,008)		(1,080,008)
Library	1,170,919		25,222	491,675		(654,022)		(654,022)
Parks and recreation	4,848,809		1,231,589	157,910	134,789	(3,324,521)		(3,324,521)
Community development	467,771					(467,771)		(467,771)
Interest on long-term debt	221,793					(221,793)		(221,793)
Total governmental activities	21,586,950	(1,024,879)	1,907,559	1,305,046	423,747	(16,925,719)		(16,925,719)
Business-type activities:								
Electric	26,632,271	356,660	36,313,850				9,324,919	9,324,919
Water	4,166,657	191,755	4,089,262		241,169		(27,981)	(27,981)
Wastewater	3,575,084	204,239	4,553,954		481,186		1,255,817	1,255,817
Sanitation	2,600,755	166,630	3,091,426				324,041	324,041
Stormwater	495,684	55,853	718,273				166,736	166,736
Information technology	197,329	49,742	185,436				(61,635)	(61,635)
Airport	4,380,876		3,629,146		1,459,553		707,823	707,823
Total business-type activities	42,048,656	1,024,879	52,581,347		2,181,908		11,689,720	11,689,720
TOTAL PRIMARY GOVERNMENT	\$ 63,635,606	\$	\$ 54,488,906	\$ 1,305,046	\$ 2,605,655	(16,925,719)	11,689,720	(5,235,999)
GENERAL REVENUES:								
Taxes:								
Property taxes levied for general purposes						1,748,116		1,748,116
Property taxes levied for community redevelopment purposes						697,248		697,248
Public service taxes and franchise fees						2,634,552		2,634,552
Fuel taxes levied for transportation purposes						864,638		864,638
State shared revenue						1,565,595		1,565,595
Investment earnings						41,928	60,177	102,105
Miscellaneous						213,123	378,597	591,720
Transfers						9,916,751	(9,916,751)	
Total general revenues, special items, and transfers						17,681,951	(9,477,977)	8,203,974
Change in net position						756,232	2,211,743	2,967,975
NET POSITION - beginning of year, as originally reported						27,440,344	58,813,801	86,254,145
Adoption of GASB Statement No. 65						(35,716)	(423,514)	(459,230)
NET POSITION - beginning of year, as restated						27,404,628	58,390,287	85,794,915
NET POSITION - end of year						\$ 28,160,860	\$ 60,602,030	\$ 88,762,890

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
as of September 30, 2014

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
ASSETS				
Equity in pooled cash and cash equivalents	\$ 11,956,899	\$ 606,957	\$ 454,701	\$ 13,018,557
Receivables, net				
Customer accounts, net	288,281		25	288,306
Intergovernmental and other	479,120		189,578	668,698
Notes receivable		14,223		14,223
Inventory and prepaid expenses	199,073		633	199,706
Restricted assets:				
Cash and cash equivalents	611,228		592,089	1,203,317
Customer receivables	27,751		36,053	63,804
TOTAL ASSETS	<u>\$ 13,562,352</u>	<u>\$ 621,180</u>	<u>\$ 1,273,079</u>	<u>\$ 15,456,611</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 472,162	\$ 23,568	\$ 32,712	\$ 528,442
Accrued payroll	445,973		64,330	510,303
Accrued claims payable	611,983			611,983
Due to other governments	174,280			174,280
Unearned revenues	37,103			37,103
TOTAL LIABILITIES	<u>1,741,501</u>	<u>23,568</u>	<u>97,042</u>	<u>1,862,111</u>
DEFERRED INFLOWS				
Unavailable revenues	129,617		36,053	165,670
FUND BALANCE				
Non-spendable:				
Inventory	188,000			188,000
Prepays	11,073		633	11,706
Notes receivable		14,223		14,223
Restricted for:				
Transportation improvements			592,089	592,089
Transportation activities			481,789	481,789
Debt service	57,147			57,147
Facilities improvements	554,081			554,081
Redevelopment		583,389		583,389
Assigned for:				
Fire services			65,473	65,473
Unassigned	10,880,933			10,880,933
TOTAL FUND BALANCE	<u>11,691,234</u>	<u>597,612</u>	<u>1,139,984</u>	<u>13,428,830</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 13,562,352</u>	<u>\$ 621,180</u>	<u>\$ 1,273,079</u>	<u>\$ 15,456,611</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
as of September 30, 2014

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 13,428,830
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	24,075,049
Net pension assets/liabilities resulting from underfunding pension plans are not recorded at fund level	(57,430)
Revenues not received within the "availability" period are deferred at fund level and recognized in the statement of activities	165,670
Long-term liabilities (including estimated workers' compensation claims, compensated absences liability, landfill post closure liability and OPEB obligation and excluding the portion of the worker's compensation claims payable reported as a liability at the fund level) are not due and payable in the current period and therefore are not reported in the governmental funds:	
This is the amount of the long-term obligations	(10,034,258)
This is the amount of worker's comp liability recorded at the fund level	611,983
Interest payable	<u>(28,984)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,160,860</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
for the year ended September 30, 2014

	General Fund	Community Redevelopment Agency	Non-major Governmental Funds	Total
REVENUES:				
Taxes	\$ 4,381,737	\$ 697,248	\$ 864,638	\$ 5,943,623
Licenses and permits	298,406			298,406
Intergovernmental revenue	2,035,630		238,128	2,273,758
Charges for services	1,436,201		631,692	2,067,893
Fines and forfeitures	115,844		875	116,719
Other	504,863	3,641	140,437	648,941
Total revenues	<u>8,772,681</u>	<u>700,889</u>	<u>1,875,770</u>	<u>11,349,340</u>
EXPENDITURES:				
General government	2,789,436			2,789,436
Public safety	5,556,474		2,000,353	7,556,827
Physical environment	733,249			733,249
Economic environment	108,947	313,154		422,101
Transportation			1,041,106	1,041,106
Culture/recreation	5,220,872			5,220,872
Capital outlay	965,677			965,677
Debt service	645,509	258,262	(25,347)	878,424
Total expenditures	<u>16,020,164</u>	<u>571,416</u>	<u>3,016,112</u>	<u>19,607,692</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(7,247,483)</u>	<u>129,473</u>	<u>(1,140,342)</u>	<u>(8,258,352)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from borrowings	766,956		2,097,149	2,864,105
Payment to refunding escrow	(764,553)		(2,128,647)	(2,893,200)
Transfers in (out)	8,511,026		1,405,725	9,916,751
Total other financing sources	<u>8,513,429</u>		<u>1,374,227</u>	<u>9,887,656</u>
NET CHANGE IN FUND BALANCE	1,265,946	129,473	233,885	1,629,304
FUND BALANCE, beginning of year	<u>10,425,288</u>	<u>468,139</u>	<u>906,099</u>	<u>11,799,526</u>
FUND BALANCE, end of year	<u>\$ 11,691,234</u>	<u>\$ 597,612</u>	<u>\$ 1,139,984</u>	<u>\$ 13,428,830</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
for the year ended September 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,629,304

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

This is the amount of capital asset additions in the current period	933,366
This is the amount of depreciation recorded in the current period	(1,395,490)
This is the book value of dispositions recorded in the current period	(8,531)

Change in net pension asset/liability resulting from underfunding pension plans are not reported in the applicable funds	(230,249)
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Revenues not received within the "availability" period are not reported as revenues at fund level and are recognized as revenue in the statement of activities	
This represents the change caused by the "availability" criterion	60,743

Long-term obligations are reported in the government-wide statement of net position as liabilities, but not at the fund level as they do not require the use of current financial resources and therefore are reported as revenues when received and expenditures when paid:	
This amount represents bond proceeds recognized as revenue at the fund level	(2,864,105)
This amount represents long-term debt repayments and premium amortization	3,541,272
This amount represents the change in accrued interest payable	8,560
This amount represents the change in compensated absence liability	95,538
This amount represents the change in OPEB obligation	<u>(1,014,176)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 756,232</u>
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CITY OF BARTOW, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
as of September 30, 2014

	Business Type Activities - Enterprise Funds					Total
	Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Non-Major Funds	
ASSETS						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 7,790,261	\$ 3,121,268	\$ 2,917,257	\$ 3,294,427	\$ 1,549,601	\$ 18,672,814
Investment securities		600,000				600,000
Receivables, net						
Customers	4,728,817	461,429	588,816	43,041	349,095	6,171,198
Intergovernmental and other				18,952		18,952
Inventory and prepaids	1,153,166	120,158	14,698	110,643	34,355	1,433,020
Total current assets	<u>13,672,244</u>	<u>4,302,855</u>	<u>3,520,771</u>	<u>3,467,063</u>	<u>1,933,051</u>	<u>26,895,984</u>
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and cash equivalents	2,282,734	4,999,895	3,080,377			10,363,006
Customer receivable		97,439	71,068			168,507
Capital assets, net						
Non-depreciable	329,762	445,296	113,162	974,237	211,760	2,074,217
Depreciable	10,200,984	15,449,655	18,018,173	15,743,349	3,330,584	62,742,745
Total noncurrent assets	<u>12,813,480</u>	<u>20,992,285</u>	<u>21,282,780</u>	<u>16,717,586</u>	<u>3,542,344</u>	<u>75,348,475</u>
TOTAL ASSETS	<u>26,485,724</u>	<u>25,295,140</u>	<u>24,803,551</u>	<u>20,184,649</u>	<u>5,475,395</u>	<u>102,244,459</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,195,471	27,289	25,226	88,665	148,577	2,485,228
Accrued wages	75,958	23,994	21,263	10,566	33,804	165,585
Unearned revenues			1,383,349	142,347		1,525,696
Bonds and notes payable, current portion	64,859	1,081,000	399,932		51,541	1,597,332
Total current liabilities	<u>2,336,288</u>	<u>1,132,283</u>	<u>1,829,770</u>	<u>241,578</u>	<u>233,922</u>	<u>5,773,841</u>
Noncurrent liabilities:						
Compensated absences	368,728	130,382	112,413	231,751	83,690	926,964
OPEB obligation	544,938	328,407	388,947	451,681	424,260	2,138,233
Payable from restricted assets:						
Accrued interest payable	8,205	463,195	27,005			498,405
Customer deposits	2,215,516			263,835		2,479,351
Bonds and notes payable, noncurrent portion	969,677	21,353,615	7,502,343			29,825,635
Total noncurrent liabilities	<u>4,107,064</u>	<u>22,275,599</u>	<u>8,030,708</u>	<u>947,267</u>	<u>507,950</u>	<u>35,868,588</u>
TOTAL LIABILITIES	<u>6,443,352</u>	<u>23,407,882</u>	<u>9,860,478</u>	<u>1,188,845</u>	<u>741,872</u>	<u>41,642,429</u>
NET POSITION						
Net investment in capital assets	9,496,209	(4,612,424)	10,229,060	16,717,586	3,490,802	35,321,233
Restricted for:						
Utility system improvements (expendable)		1,700,075	1,677,499			3,377,574
Debt service	67,218	1,015,000	63,592			1,145,810
Unrestricted	10,478,945	3,784,607	2,972,922	2,278,218	1,242,721	20,757,413
TOTAL NET POSITION	<u>\$ 20,042,372</u>	<u>\$ 1,887,258</u>	<u>\$ 14,943,073</u>	<u>\$ 18,995,804</u>	<u>\$ 4,733,523</u>	<u>\$ 60,602,030</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
for the year ended September 30, 2014

	Business Type Activities - Enterprise Funds					Total
	Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Non-Major Funds	
OPERATING REVENUES:						
Charges for services	\$ 36,313,850	\$ 4,089,262	\$ 4,553,954	\$ 3,629,146	\$ 3,995,135	\$ 52,581,347
Total operating income	<u>36,313,850</u>	<u>4,089,262</u>	<u>4,553,954</u>	<u>3,629,146</u>	<u>3,995,135</u>	<u>52,581,347</u>
OPERATING EXPENSES:						
Personal services	2,378,377	786,016	681,528	1,064,473	1,250,187	6,160,581
Purchased power	21,337,187					21,337,187
Operating expenses	2,286,838	1,709,681	1,775,909	2,245,227	2,032,371	10,050,026
Depreciation	878,805	808,118	1,144,141	1,071,176	280,831	4,183,071
Total operating expenses	<u>26,881,207</u>	<u>3,303,815</u>	<u>3,601,578</u>	<u>4,380,876</u>	<u>3,563,389</u>	<u>41,730,865</u>
OPERATING INCOME	<u>9,432,643</u>	<u>785,447</u>	<u>952,376</u>	<u>(751,730)</u>	<u>431,746</u>	<u>10,850,482</u>
NONOPERATING REVENUE (EXPENSE):						
Interest revenue	20,886	23,785	6,530	7,934	1,042	60,177
Interest expense	(70,063)	(1,036,591)	(177,745)		(2,604)	(1,287,003)
Loss on refunding	(37,661)	(18,006)				(55,667)
Other, net	269,139	51,746	32,956	6,364	18,392	378,597
Total nonoperating revenues (expenses)	<u>182,301</u>	<u>(979,066)</u>	<u>(138,259)</u>	<u>14,298</u>	<u>16,830</u>	<u>(903,896)</u>
Income (loss) before contributions and transfers	<u>9,614,944</u>	<u>(193,619)</u>	<u>814,117</u>	<u>(737,432)</u>	<u>448,576</u>	<u>9,946,586</u>
CAPITAL CONTRIBUTIONS						
Capital contributions			308,761	1,459,553		1,768,314
Impact fees		241,169	172,425			413,594
Total capital contributions		<u>241,169</u>	<u>481,186</u>	<u>1,459,553</u>		<u>2,181,908</u>
TRANSFERS IN (OUT)	<u>(9,316,751)</u>	<u>(250,000)</u>	<u>(350,000)</u>			<u>(9,916,751)</u>
Change in net position	298,193	(202,450)	945,303	722,121	448,576	2,211,743
NET POSITION - beginning of year, as originally reported	19,744,179	2,369,388	14,141,604	18,273,683	4,284,947	58,813,801
Implementation of GASB 65		(279,680)	(143,834)			(423,514)
NET POSITION - beginning of year, as restated	<u>19,744,179</u>	<u>2,089,708</u>	<u>13,997,770</u>	<u>18,273,683</u>	<u>4,284,947</u>	<u>58,390,287</u>
NET POSITION - end of year	<u>\$ 20,042,372</u>	<u>\$ 1,887,258</u>	<u>\$ 14,943,073</u>	<u>\$ 18,995,804</u>	<u>\$ 4,733,523</u>	<u>\$ 60,602,030</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
for the year ended September 30, 2014

	Business Type Activities - Enterprise Funds					Total
	Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Non-Major Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 36,288,503	\$ 4,073,177	\$ 4,419,583	\$ 3,632,656	\$ 4,033,097	\$ 52,447,016
Payments to suppliers	(23,535,213)	(1,703,265)	(1,773,709)	(2,226,068)	(1,995,266)	(31,233,521)
Payments for salaries and benefits	(2,230,067)	(712,513)	(615,544)	(1,036,242)	(1,111,520)	(5,705,886)
Net cash flows from operating activities	10,523,223	1,657,399	2,030,330	370,346	926,311	15,507,609
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in customer deposits	248,030			12,574		260,604
Transfers (to) from other funds	(9,316,751)	(250,000)	(350,000)			(9,916,751)
Net cash flows from noncapital financing activities	(9,068,721)	(250,000)	(350,000)	12,574		(9,656,147)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets, net of related payables	(320,299)	(73,854)	(366,826)	(1,813,686)	(820,803)	(3,395,468)
Principal paid on notes, bonds and lease obligations	(916,133)	(1,126,500)	(391,328)		(104,273)	(2,538,234)
Proceeds of borrowings	902,117	898,778				1,800,895
Interest paid on borrowings and other debt costs	(99,519)	(994,538)	(179,442)		(2,604)	(1,276,103)
Capital contributions and impact fees received, net of receivables		241,169	2,407,375	1,550,410		4,198,954
Net cash flows from capital and related financing activities	(433,834)	(1,054,945)	1,469,779	(263,276)	(927,680)	(1,209,956)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Other investing income / (loss)	269,139	51,746	32,956	6,364	18,392	378,597
Purchase of investments		(600,000)				(600,000)
Interest on invested funds	20,886	16,787	1,426	7,934	1,042	48,075
Net cash flows from investing activities	290,025	(531,467)	34,382	14,298	19,434	(173,328)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,310,693	(179,013)	3,184,491	133,942	18,065	4,468,178
CASH AND CASH EQUIVALENTS, beginning of year	8,762,302	8,300,176	2,813,143	3,160,485	1,531,536	24,567,642
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 10,072,995</u>	<u>\$ 8,121,163</u>	<u>\$ 5,997,634</u>	<u>\$ 3,294,427</u>	<u>\$ 1,549,601</u>	<u>\$ 29,035,820</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income / (loss)	\$ 9,432,643	\$ 785,447	\$ 952,376	\$ (751,730)	\$ 431,746	\$ 10,850,482
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	878,805	808,118	1,144,141	1,071,176	280,831	4,183,071
(Increase) decrease in inventory and prepaids	4,010	3,996	2,439	(1,789)		8,656
(Increase) decrease in accounts receivable	(25,347)	(16,085)	(134,371)	6,376	37,962	(131,465)
Increase (decrease) in accounts payable and accrued expenses	84,802	2,420	(239)	20,948	37,105	145,036
Increase (decrease) in accrued wages and compensated absences	34,067	8,631	8,991	(19,913)	35,933	67,709
Increase (decrease) in OPEB obligation	114,243	64,872	56,993	48,144	102,734	386,986
Increase (decrease) in unearned revenue and other				(2,866)		(2,866)
Net cash flows from operating activities	<u>\$ 10,523,223</u>	<u>\$ 1,657,399</u>	<u>\$ 2,030,330</u>	<u>\$ 370,346</u>	<u>\$ 926,311</u>	<u>\$ 15,507,609</u>
Noncash financing and investing activities -						
None	\$	\$	\$	\$	\$	\$

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
as of September 30, 2014

	Pension Trust Funds
ASSETS	
Receivables:	
State of Florida	\$ 230,708
City	38,220
Accrued interest and dividends	102,764
Total receivables	<u>371,692</u>
Prepaid expenses	<u>3,875</u>
Investments, at fair market value:	
Short-term money market funds	763,938
Fixed income securities	13,859,060
Equity securities	29,739,804
Total investments	<u>44,362,802</u>
Total assets	<u>44,738,369</u>
NET POSITION, restricted for pension benefits	<u><u>\$ 44,738,369</u></u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
for the year ended September 30, 2014

	Pension Trust Funds
ADDITIONS	
Contributions:	
City	\$ 2,525,348
Plan members	391,393
State of Florida	230,708
Total contributions	<u>3,147,449</u>
Investment income (loss)	<u>4,047,503</u>
Less investment expenses:	
Investment management fees	141,244
Custodial fees	33,210
Performance evaluation fees	42,625
Total investment expenses	<u>217,079</u>
Net investment income (loss)	<u>3,830,424</u>
Total additions	<u>6,977,873</u>
DEDUCTIONS	
Administrative expenses:	
Legal	18,116
Actuarial	26,029
Audit	10,860
Accounting	7,731
Travel, training and other	19,578
Plan administrator	26,800
Total administrative expenses	<u>109,114</u>
Benefits and termination payments	<u>2,102,795</u>
Total deductions	<u>2,211,909</u>
NET INCREASE (DECREASE)	4,765,964
NET POSITION	
Balance, beginning of year	<u>39,972,405</u>
Balance, end of year	<u>\$ 44,738,369</u>

See Accompanying Notes to Financial Statements

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Certain of the component units, although legally separate, are presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds and account groups are combined with those of the primary government for financial reporting purposes. These entities include: (1) the Municipal Firefighters' Retirement Trust Fund established pursuant to Florida Statute Chapter 175 and Ordinance No. 1805, (2) the Municipal Police Officers' Retirement Trust Fund established pursuant to Florida Statute Chapter 185 and Ordinance No. 1806, (3) the General Employees' Pension Trust Fund established pursuant to Ordinance No. 2002-33, (4) the Bartow Community Redevelopment Agency (the "CRA") which was created by City Ordinance No. 1547 pursuant to Florida Statutes Chapter 163, and (5) the Bartow Municipal Airport Development Authority (the "Airport") which was created pursuant to a special act of the Florida legislature, F.S. Ch. 63-1109 and 67-1097, to operate the City's airport and industrial park. All component units of the City issue separately audited Component Unit Financial Statements (CUFS) except the CRA. Copies of the CUFS may be obtained from the City's Finance Department.

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

B. BASIC FINANCIAL STATEMENTS

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

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

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

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Code Section 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

B. BASIC FINANCIAL STATEMENTS (cont...)

The following fund types and funds are used and reported by the City:

a) Governmental Funds:

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

Reported as Major Funds:

- **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Bartow Community Redevelopment Agency** (the "CRA") was created by City Ordinance No. 1547-A pursuant to Florida Statutes chapter 163. Due to its profile in the community, the City electively added the Bartow CRA as a major fund. The purpose of the CRA is to eliminate and prevent the spread of blight throughout the redevelopment area pursuant to the City of Bartow City Commission findings of blight, Chapter 163, Part III, of the Florida Statutes (The Florida Community Redevelopment Act) and the City of Bartow Community Redevelopment Plan adopted by the City of Bartow City Commission. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of seven citizens appointed by the City Commission.

Reported as Non-major Funds:

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

B. BASIC FINANCIAL STATEMENTS (cont...)

b) Proprietary Funds:

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

Reported as Major Enterprise Funds:

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

Reported as Non-Major Enterprise Funds:

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

B. BASIC FINANCIAL STATEMENTS (cont...)

c) Fiduciary Funds:

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

C. MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Operating revenues shown for proprietary operations generally result from producing or providing the service or product. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services.

All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Revenues received prior to meeting the available criterion are reported as deferred inflows. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, public service and franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Property taxes are billed and collected within the same period in which the taxes are levied. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

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

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

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues unbilled service of its enterprise funds representing the estimated value of service from the last billing date to year-end, which totalled \$2,283,906 at September 30, 2014. A reserve for doubtful accounts is maintained in each fund equal to the value of the customer receivables that are not expected to be collected. As of September 30, 2014, business-type activities and governmental activities reserves for doubtful accounts totalled \$284,069 and \$257,628, respectively. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

NOTES RECEIVABLE - In the Community Redevelopment Agency, represents loans to property owners to fund property improvements and are secured by first mortgage liens on the related properties with payment terms extending to six years. In some cases the notes will be forgiven if certain conditions are met by the property owner. Certain of the loans are non-interest bearing and have been discounted to reflect a 5% annual interest rate which is being amortized to income over the life of the related loans. There was no discount amortization for 2014. The notes, which have a face value of \$451,417, are reduced by an allowance representing management's estimate of uncollectible amounts which totalled \$437,194 at September 30, 2014 resulting in a carrying value of \$14,223 at September 30, 2014.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

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

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

PREPAID EXPENSES - Payments that are applicable to future accounting periods are reported as prepaid expenses in both the government-wide and fund financial statements.

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

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

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

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

INTEREST COSTS - Interest costs are capitalized on enterprise fund projects when incurred on debt whose proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. For the year ended September 30, 2014, interest expense for enterprise activities totaled \$1,287,003, none of which was capitalized.

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

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

COMPENSATED ABSENCES - The City's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for these upon termination of employment. The liability for these compensated absences is recorded as long-term in the government-wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability unless due and payable.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

INTERFUND TRANSFERS - Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Government-wide Statement of Activities, all interfund transfers among the funds comprising each activity (governmental and business-type) have been eliminated.

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

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

EQUITY CLASSIFICATIONS -

Government-wide Statements -The City implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement amends the existing net asset reporting requirements by incorporating deferred outflows and inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets as previously reported. Accordingly, equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - Consists of capital assets net of accumulated depreciation and other assets financed by the related debt (e.g. bond issuance costs and restricted bond sinking and reserve accounts), reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets - Consists of the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

Fund Balance Classification - The governmental funds financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental funds financial statements are as follows:

Non spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has inventories, prepaid items and notes receivable as being non spendable as these items are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified debt service balances and impact fees as being restricted because their use is restricted by State Statute and/or local ordinance. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. The City also has restricted unexpended gas taxes in the transportation fund and the unexpended community development resources of the Community Redevelopment Agency.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (cont...)

EQUITY CLASSIFICATIONS -

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2014.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: All other spendable amounts.

The details of the fund balances are included in the governmental funds' balance sheets. The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2014 was 3.9960.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

Adjustment of Appropriations:

- a) *Supplemental appropriations* - If during the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City commission may make supplemental appropriations for the year up to the amount of such excess. Prior to making such supplemental appropriations, the City Commission shall advertise and hold a public hearing on the supplemental appropriations, in the manner prescribed for the public hearing on the budget, and shall follow such other procedures outlined for adoption of the budget in making supplemental appropriations as may be applicable.
- b) *Reduction of appropriations* - If at any time during the fiscal year the City Manager shall ascertain that the available income for the year will be less than the total appropriations, he shall reconsider the work programs and allotments of the various offices, departments, and agencies and revise the allotments so as to forestall the making of expenditures in excess of such income.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 3 - BUDGETARY LAW AND PRACTICE (cont...)

- c) *Transfer of appropriations* - At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance within a department, office or agency; provided, that no transfer of appropriations to the personal services account shall be made without approval of the City Commission. Upon written recommendation by the City Manager, the City Commission may by resolution transfer part or all of any unencumbered appropriation balance from one department, office or agency, to another.

- d) *Limitations; effective date* - No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.

- e) *Lapse of unencumbered appropriations* - All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

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

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Compliance With Finance Related Legal and Contractual Provisions - the City had no material violations of finance related legal and contractual provisions.

- B. Deficit Fund Balance or Net Position of Individual Funds - As of September 30, 2014, no individual fund had a deficit fund balance or net position deficit.

- C. Excess of Expenditures Over Budget Appropriations in Individual Funds - For the year ended September 30, 2014, the Fire Services Fund had an excess of expenditures over appropriations of \$2,627.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Equity in pooled cash and cash equivalents:	
Cash on hand	\$ 10,109
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	42,670,778
Investments:	
Florida Safe - investment pool	505,713
State Board of Administration Local Government Surplus Trust Funds Investment Pool	<u>71,094</u>
Total equity in pooled cash and cash equivalents	<u>\$ 43,257,694</u>
Investments:	
U.S. Government Agencies	<u>\$ 600,000</u>

The "Florida Safe" investment pool is similar to a money market investment in that it strives to maintain a net asset value of \$1.00 per share. The pool is rated AAAM by Standard and Poors and the weighted average maturity of the underlying securities is not available but the fund's policy is to stay below 60 days. The State Board of Administration Local Government Investment Pool (Florida Prime) current credit rating is AAAM by Standard and Poors and has a weighted average maturity of 39 days.

The Florida Safe and State Board of Administration Pools are not exposed to custodial credit risk because the investments are not evidenced by securities that exist in physical or book entry form.

The City had no investment securities other than the investment pools described above.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

Authorized Investments	Maximum Portfolio Concentration	Maximum Maturity	Maximum Issuer Concentration	Lowest Permitted S&P Rating
Florida Local Government Surplus Funds Trust Fund	100.00%			
U. S. Government securities	100.00%	5 years		
U. S. Government Agency securities	50.00%	5 years	25.00%	
Federal Instrumentalities securities	80.00%	5 years	40.00%	
Non-negotiable interest bearing deposits in qualified public depositories	20.00%	2 years	15.00%	
Repurchase agreements 102% secured by securities of the U. S. Government its Agencies or Instrumentalities	50.00%	90 days	25.00%	
Commercial paper of any U. S. company	25.00%	270 days	15.00%	A-1
Corporate notes of any U. S. company	15.00%	2 years	5.00%	AA
Bankers Acceptances	25.00%	180 days	10.00%	A-1
State or local government obligations	20.00%	3 years		AA
Mutual funds (registered investment companies)	50.00%	90 days	25.00%	AAA
Intergovernmental investment pools	20.00%			

All of the City's investments were held in the City's name. Information concerning credit risk and interest rate risk for the City's investments at September 30, 2014 is presented below:

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
U.S. Government Agencies	AA+	<u>\$ 600,000</u>	4.5

The City's pension trust funds also held investment securities during the year and at September 30, 2014, which are reported at fair value. Information related to each Plan's investment policy and the custodial, concentration and interest rate risk for each plan is set forth below.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
Short-term money market	AA+	<u>\$ 405,026</u>	0.0
U. S. Government obligations	AA+	\$ 683,075	4.5
U. S. Government agency mortgage-backed securities	AA+	1,815,436	6.5
Commercial mortgage-backed securities	AAA to BBB-	330,835	2.1
Corporate and foreign bonds	AA+ to BB+	<u>2,995,789</u>	3.9
		<u>\$ 5,825,135</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

Police Officers' Pension Plan - The types of investments in which the Plan may invest are governed by City Ordinance which authorizes investments in the following instruments: annuity or life insurance contracts, interest-bearing time deposits and savings accounts in federally-insured depositories, direct or guaranteed obligations of the United States and the State of Israel; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation, except that up to 25% may be invested in foreign securities. No more than 60% (at cost or 70% at market) of the Plan's assets can be invested in equity securities nor more than 5% in any one issuer.

All of the Plan's investments were held in the Plan's name. Information concerning the credit quality rating and interest rate risk for the Plan's fixed income investments, is presented below:

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
Short-term money market	AAAm	\$ <u>259,836</u>	0.0
U. S. Government obligations	AA+	\$ 823,362	10.0
U. S. Government agency mortgage-backed securities	AA+	1,457,197	7.5
Commercial mortgage-backed securities	AAA to BBB+	266,910	2.3
Corporate obligations	AA+ to BBB-	<u>2,705,396</u>	4.9 to 29.6
		<u>\$ 5,252,865</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

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

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

Investment Type	S&P Rating	Fair Value	Weighted Average Maturity Years
Short-term money market	AAAm	\$ <u>99,076</u>	0.0
Vanguard Inflation Protection bond fund	Not rated	\$ 333,071	8.6
Dodge & Cox Income Fund	Not rated	<u>2,447,989</u>	7.0
		<u>\$ 2,781,060</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, was as follows:

	Balance October 1, 2013	Transfers	Additions	Deletions	Balance September 30, 2014
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 4,029,522	\$	\$	\$	\$ 4,029,522
Infrastructure land	1,588,213				1,588,213
Construction in progress	94,101	(159,564)	235,886		170,423
Total	<u>\$ 5,711,836</u>	<u>\$ (159,564)</u>	<u>\$ 235,886</u>	<u>\$</u>	<u>\$ 5,788,158</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 14,298,247	\$ 159,564	\$ 101,169	\$	\$ 14,558,980
Equipment	5,753,902	20,972	342,313	(145,756)	5,971,431
Infrastructure:					
Road network	26,013,021		253,998		26,267,019
Sidewalk network	3,403,854				3,403,854
Total	<u>49,469,024</u>	<u>180,536</u>	<u>697,480</u>	<u>(145,756)</u>	<u>50,201,284</u>
Total all capital assets	<u>55,180,860</u>	<u>20,972</u>	<u>933,366</u>	<u>(145,756)</u>	<u>55,989,442</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,622,559)		(581,152)		(7,203,711)
Equipment	(4,684,665)	(20,972)	(425,954)	137,225	(4,994,366)
Infrastructure:					
Road network	(17,061,878)		(356,199)		(17,418,077)
Sidewalk network	(2,266,054)		(32,185)		(2,298,239)
Total accumulated depreciation	<u>(30,635,156)</u>	<u>(20,972)</u>	<u>(1,395,490)</u>	<u>137,225</u>	<u>(31,914,393)</u>
Depreciable capital assets, net	<u>18,833,868</u>	<u>159,564</u>	<u>(698,010)</u>	<u>(8,531)</u>	<u>18,286,891</u>
Governmental activities capital assets, net	<u>\$ 24,545,704</u>	<u>\$</u>	<u>\$ (462,124)</u>	<u>\$ (8,531)</u>	<u>\$ 24,075,049</u>
<u>Business-type activities:</u>					
Capital assets not being depreciated:					
Land	\$ 1,662,582	\$	\$	\$	\$ 1,662,582
Construction in process	557,519	(2,697,963)	2,552,079		411,635
Total	<u>\$ 2,220,101</u>	<u>\$ (2,697,963)</u>	<u>\$ 2,552,079</u>	<u>\$</u>	<u>\$ 2,074,217</u>
Capital assets being depreciated:					
Buildings, utility plant and improvements	\$ 119,327,950	\$ 1,606,564	\$ 421,464	\$	\$ 121,355,978
Equipment	8,573,235	1,070,427	384,175		10,027,837
Total	<u>127,901,185</u>	<u>2,676,991</u>	<u>805,639</u>		<u>131,383,815</u>
Total all capital assets	<u>130,121,286</u>	<u>(20,972)</u>	<u>3,357,718</u>		<u>133,458,032</u>
Less accumulated depreciation	(64,478,971)	20,972	(4,183,071)		(68,641,070)
Depreciable capital assets, net	<u>63,422,214</u>	<u>2,697,963</u>	<u>(3,377,432)</u>		<u>62,742,745</u>
Business-type activities capital assets, net	<u>\$ 65,642,315</u>	<u>\$</u>	<u>\$ (825,353)</u>		<u>\$ 64,816,962</u>

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 6 - CAPITAL ASSETS (cont...)

Depreciation expense was charged to the following functions and programs:

Governmental Activities:

General government	\$ 64,059
Library	53,086
Law enforcement	301,363
Fire control	47,552
Building and zoning	2,547
Public works	10,776
Transportation	537,750
Parks and recreation	341,175
Community redevelopment	<u>37,182</u>
Total depreciation expense - governmental activities	<u>\$ 1,395,490</u>

Business-type Activities:

Electric	\$ 878,805
Water	808,118
Wastewater	1,144,141
Airport	1,071,176
Sanitation	158,802
Information Technology	68,270
Stormwater	<u>53,759</u>
Total depreciation expense - business-type activities	<u>\$ 4,183,071</u>

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Amounts Due within One Year
<u>Governmental Activities</u>					
Long-term debt:					
BB&T Refunding Series 2014-A	\$	\$ 2,864,105	\$	\$ 2,864,105	\$
FMLC revenue bonds, Series 2005A	2,327,500		(2,173,500)	154,000	154,000
FMLC revenue bonds, Series 2005D	891,191		(778,610)	112,581	55,133
Installment notes payable	575,129		(522,641)	52,488	52,488
Less premiums (discounts), net	66,521		(66,521)		
Total long-term debt	<u>3,860,341</u>	<u>2,864,105</u>	<u>(3,541,272)</u>	<u>3,183,174</u>	<u>261,621</u>
Other liabilities:					
Estimated workers compensation claims	432,800	179,183		611,983	
Other post employment benefits obligation	3,872,591	1,014,176		4,886,767	
Compensated absences	1,447,872		(95,538)	1,352,334	
Total other liabilities	<u>5,753,263</u>	<u>1,193,359</u>	<u>(95,538)</u>	<u>6,851,084</u>	
Total long-term obligations	<u>\$ 9,613,604</u>	<u>\$ 4,057,464</u>	<u>\$ (3,636,810)</u>	<u>10,034,258</u>	<u>\$ 261,621</u>
Less amount due in one year				(261,621)	
Total non-current obligations due in more than one year				<u>\$ 9,772,637</u>	
<u>Business-type Activities</u>					
Long-term debt:					
Revenue bonds and certificates:					
BB&T Refunding Series 2014-A	\$	\$ 1,800,895	\$	\$ 1,800,895	\$ 64,859
Water and Sewer, Series 2006	22,380,000		(195,000)	22,185,000	1,015,000
SRF Construction Loan (No. WW 755040)	6,730,832		(308,206)	6,422,626	315,055
SRF Preconstruction Loan (No. WW 75504P)	1,562,772		(83,123)	1,479,649	84,877
FMLC revenue bonds, Series 2005A	997,500		(931,500)	66,000	66,000
FMLC revenue bonds, Series 2005D	1,048,552		(916,133)	132,419	
Installment notes payable	155,813		(104,272)	51,541	51,541
Less premiums (discounts), net	(770,947)		55,784	(715,163)	
Total long-term debt	<u>32,104,522</u>	<u>1,800,895</u>	<u>(2,482,450)</u>	<u>31,422,967</u>	<u>1,597,332</u>
Other liabilities:					
Other post employment benefits obligation	1,751,247	386,986		2,138,233	
Compensated absences	907,820	19,144		926,964	
Total other liabilities	<u>2,659,067</u>	<u>406,130</u>		<u>3,065,197</u>	
Total long-term obligations	<u>\$ 34,763,589</u>	<u>\$ 2,207,025</u>	<u>\$ (2,482,450)</u>	<u>34,488,164</u>	<u>\$ 1,597,332</u>
Less amount due in one year				(1,597,332)	
Total non-current obligations due in more than one year				<u>\$ 32,890,832</u>	

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

Notes to Long-Term Obligations Table

Governmental and Business-Type Activities:

- BB & T Refunding Series 2014-A, par value \$4,665,000, is secured by all non-advalorem revenues of the City, essentially all legally available revenues of the City except taxes on real and personal property. The bonds were issued May 16, 2014 to advance refund the Florida Municipal Loan Council Series 2005A and 2005D bonds. The refunded bonds had an outstanding principal amount of \$4,470,000. \$4,712,390 was transferred to an escrow account for repayment of the refunded bonds. The new bonds bear interest at 2.4% payable semi-annually on June 1 and December 1 with principal payments annually on June 1 and a final maturity on June 1, 2025. The advance refunding is reported as a defeasance of the old debt resulting in the removal of the defeased debt from the City's books and the new debt being added. The new debt is split between governmental and business activities in the same proportion as the defeased debt. The difference between the reacquisition price and the net carrying amount of the old debt totaled \$165,295 and was expensed. The cash flow to service the new debt to maturity was \$471,770 less than the cash flow to service the old debt resulting in an economic gain on the refunding of \$420,640 discounted at 2.4%.
- The Florida Municipal Loan Council Revenue Bonds, Series 2005A and 2005D were refunded in 2014 and were originally issued in 2005. The 2005A bonds bore interest at 4.00% and the 2005D bonds bore interest at 4.06%.

Governmental Activities:

- Installment notes payable - These notes payable bear interest between 2.1% and 5.4%. Interest and principal are payable monthly with final maturities through September 2015. The notes were used to purchase and are secured by various equipment.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

Notes to Long-Term Obligations Table (cont...)

Business-Type Activities:

- Water and Sewer Revenue Bonds - The water and sewer revenue bonds Series 1998 and 2006, are secured by the net revenues of the water and wastewater systems. The 1998 bonds bear interest at 4.35% with a final maturity of April 1, 2013 and were used to fund sewer system improvements. The Series 2006 bonds were issued December 6, 2006, to refund a portion of the Series 1999 bonds and bear interest at rates from 4.0% to 4.25% and are due in annual installments ranging from \$90,000 to \$1,845,000 through October 1, 2029. The 1998 and 2006 bonds require the maintenance of principal and interest sinking funds and bond reserve funds.
- SRF Loans - These loans are from the State of Florida Revolving Loan Program ("SRF") to fund pre-construction costs and construction of improvements to the wastewater systems. Agreement No. WW75504P bears interest at 2.38%. Agreement No. WW755040 bears interest at 1.97%. Both loans are payable semi-annually as to principal and interest of each year with the final payment due August 15, 2031. The loans are secured by the net revenues of the water and sewer systems.
- Installment notes payable - These notes payable bear interest between 2.1% and 4.1%. Interest and principal are payable monthly with final maturities ranging to September 2014. The notes were used to purchase and are secured by equipment.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

Notes to Long-Term Obligations Table (cont...)

Maturities:

Annual requirements to repay all long-term debt as of September 30, 2014, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 261,621	\$ 82,965	\$ 1,597,332	\$ 1,112,064
2016	315,307	73,298	1,693,429	1,056,123
2017	263,999	63,070	1,683,713	997,958
2018	267,068	56,682	1,734,827	939,956
2019	276,277	50,219	1,795,005	880,007
2020 - 2024	1,479,620	147,610	9,934,970	3,421,263
2025 - 2029	319,282	7,726	10,967,934	1,546,008
2030 - 2034			2,730,920	63,814
Unamortized bond premium (discount)			(715,163)	
Total	\$ 3,183,174	\$ 481,570	\$ 31,422,967	\$ 10,017,193

Pledged Revenue:

The City has pledged future water and sewer customer revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues. Additional information regarding the City's pledged revenue can be found in the preceding sections of this note:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Revenues to Principal and Interest Paid
Water and sewer revenues	08/15/2031	\$ 39,802,692	\$ 1,680,070	\$ 3,805,099	226.48%

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 8 - INTERFUND TRANSACTIONS

There were no interfund receivables and payables as of September 30, 2014.

Interfund transfers in (out) for the year ending September 30, 2014, consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Electric Fund	\$ 9,316,751
General fund	Water Fund	250,000
General fund	Wastewater fund	350,000
Fire Services Fund	General Fund	1,405,725
Fund-level interfund transfers		11,322,476
Eliminated in combining governmental activities		(1,405,725)
Combined government-wide total		\$ 9,916,751

The transfers from the electric, water and wastewater funds to the general fund and from the general fund to the fire services fund are budgeted annual operating transfers.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 - PENSION TRUST FUNDS

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

Funding Policy and Annual Pension Cost - The City's annual pension cost and contribution information for the current year for each plan is as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Contribution rates			
City and State	18.7%	46.1%	43.1%
Plan members	4.00%	4.00%	2.00%
Annual pension cost	\$1,504,001	\$948,016	\$534,288
Contributions made	\$1,278,269	\$944,939	\$532,848

Actuarial methods and assumptions - Information for the actuarial valuations applicable to the current year for each respective plan is as follows:

	<u>General Employees</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Actuarial valuation date	October 1, 2012	October 1, 2012	October 1, 2012
Actuarial cost method	Entry Age Normal	Entry age normal	Frozen entry age
Amortization method	Level percentage of pay, closed method over 30 years	Level percentage of pay, closed method over 30 years	Level percentage of pay, closed method over 30 years
Remaining amortization period	25 years	29 years	26 years
Asset valuation method	4 year smooth	4 year smooth	4 year smooth
Investment rate of return	7.75%	8.00%	8.00%
Project salary increases	4.75%	6.00%	6.00%
Inflation rate	3.50%	3.00%	3.00%

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 - PENSION TRUST FUNDS (cont...)

Three Year Trend Information - Annual pension cost and contribution amounts for the current and two preceding years is shown below. Beginning with 2012, the annual pension cost includes both City and State contributions for the Police and Fire Plans:

	Year Ended September 30	Annual Pension Cost	Actual Employer and State Contributions	Percentage of APC Contributed	Net Pension Obligation (Asset)
General Employees' Plan					
	2014	\$ 1,504,001	\$ 1,278,269	85%	\$ 151,695
	2013	\$ 1,326,378	\$ 1,312,348	99%	\$ (74,037)
	2012	\$ 1,084,609	\$ 1,130,735	104%	\$ (88,067)
Police Officers' Plan					
	2014	\$ 948,016	\$ 944,939	100%	\$ (49,977)
	2013	\$ 892,932	\$ 889,667	100%	\$ (53,054)
	2012	\$ 676,326	\$ 672,859	99%	\$ (56,319)
Firefighters' Plan					
	2014	\$ 534,288	\$ 532,848	100%	\$ (44,288)
	2013	\$ 479,092	\$ 478,042	100%	\$ (45,728)
	2012	\$ 422,358	\$ 420,955	100%	\$ (46,778)

Funded Status and Funding Progress - The following is the funded status information for each plan as of the applicable actuarial valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Portion (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees' Retirement Plan						
10/01/2012	\$ 14,924,163	\$ 25,456,216	\$ 10,532,053	58.63%	\$ 7,908,964	133.17%
Police Officers' Retirement Trust Fund						
10/01/2012	\$ 12,787,924	\$ 17,217,968	\$ 4,430,044	74.27%	\$ 1,667,067	265.74%
Firefighters' Retirement Trust Fund						
10/01/2012	\$ 6,262,478	\$ 7,257,446	\$ 994,968	86.29%	\$ 917,980	108.39%

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 - PENSION TRUST FUNDS (cont...)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

The City has a policy of paying the cost of post-employment Medicare supplement health insurance and \$1,000 face value life insurance for its retirees' upon reaching age 65.

Plan Description:

Under the provisions of the Plan, retirees who are eligible to retire under one of the City's pension plans and have at least 10 years of continuous service are eligible to receive subsidized health insurance beginning at age 65. In order to be eligible for the subsidy beginning at age 65, retirees must continue to be on the City's insurance prior to age 65 and pay 100% of the active premium. At age 65, depending on which health plan the retiree chooses, the City will pay the retiree premium up to the cap set by the City each year. For the fiscal year ended September 30, 2013, the cap was \$405.96 per month and for fiscal year September 30, 2014, the cap was increased to \$420.17 per month. The retiree is responsible for the remaining amount not covered by the City, if any. In addition, retirees must pay the full cost of coverage for spouses and dependents. The City also provides a full insured \$1,000 life insurance benefit to each retiree, regardless of whether the retiree elects other postemployment benefit coverage. The Plan does not issue a stand-alone financial report.

Participant data as of the October 1, 2012, the latest actuarial valuation date, is shown below:

Retirees and beneficiaries	
currently receiving benefits	53
Active Employees	<u>300</u>
Totals	<u><u>353</u></u>

Funding Policy and Contributions:

The City currently pays for post-employment health care benefits on a pay-as-you-go basis. The contribution requirements of the City and plan members are established and may be amended by the City Commission. These contributions are neither guaranteed nor mandatory. The City has retained the right to unilaterally modify its payments towards retiree health care benefits. For the year ended September 30, 2014, the City's contribution totaled \$290,736, approximately 3% of actual payroll.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

Annual OPEB Cost and Net OPEB Obligation:

The table below summarizes the City's annual OPEB cost for the year ended September 30, 2014:

Annual required contribution	\$ 1,766,862
Interest on net OPEB obligation	224,953
Adjustment to required contribution	<u>(299,917)</u>
Annual OPEB cost	1,691,898
Contributions made	<u>(290,736)</u>
Change in net OPEB obligation for the year	1,401,162
Net OPEB obligation, beginning of year	<u>5,623,838</u>
Net OPEB obligation, end of year	<u><u>\$ 7,025,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is are shown below:

Year Ended <u>September 30</u>	Annual OPEB Cost	Actual Employer Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 1,691,898	\$ 290,736	17%	\$ 7,025,000
2013	\$ 1,630,097	\$ 268,259	16%	\$ 5,623,838
2012	\$ 1,648,000	\$ 255,000	15%	\$ 4,262,000

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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

Funded Status and Funding Progress:

Information as to the funding progress of the OPEB Plan as of the most recent actuarial valuation is presented below. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since the Plan is not being funded currently, the value of the assets and the funded status is zero.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2012	\$ 0	\$ 17,639,617	\$ 17,639,617	0.00%	\$ NA	NA

Actuarial Methods and Assumptions:

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The projected unit credit cost method was used in the October 1, 2012 valuation which is the latest valuation for the Plan. The actuarial assumptions included a 4% investment (discount) rate of return, compounded annually, net of investment expenses. The rate of return includes an assumed inflation rate of 3%. The annual health care cost trend rate is 8.5% in fiscal 2013, decreasing 1% per year to 4.5% in fiscal 2017. The initial unfunded actuarial accrued liability (UAAL) as of October 1, 2008, is being amortized as a level dollar amount over an open period of 30 years from October 1, 2008.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 11 - OTHER EMPLOYEE BENEFITS PLANS

The City contributes 15% of the City Manager's salary to a defined contribution money purchase plan established for the benefit of the City Manager, which contributions are 100% vested. The City also offers its employees, who have completed one year of continuous service, an optional non-contributory deferred compensation plan created pursuant to Internal Revenue Code Section 457. Both Plans are administered by third-party custodians and the plans' assets are not considered part of the reporting entity and are not included in these financial statements.

NOTE 12 - RISK MANAGEMENT

INSURANCE - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property damages for which there has been no significant reduction in coverages, nor have settlement amounts exceeded the City's coverages during the year ended September 30, 2014 or the previous two years. All of the City's insurance is from commercial carriers and there is no self-insurance other than for workers' compensation which is discussed below.

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

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

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 12 - RISK MANAGEMENT (cont...)

Changes in aggregate workers' compensation liabilities for the years ended September 30, 2014 and 2013, were as follows:

	<u>2014</u>	<u>2013</u>
Claims liability balance, October 1	\$ 432,800	\$ 394,497
Claims and changes in estimates	548,918	310,032
Claims payments	<u>(369,735)</u>	<u>(271,729)</u>
Claims liability balance, September 30	<u>\$ 611,983</u>	<u>\$ 432,800</u>
Cash set aside to pay claims at September 30	<u>\$ 931,589</u>	<u>\$ 902,581</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

CONSTRUCTION PROJECTS - The City has no significant commitments on construction projects in process at September 30, 2014.

ELECTRICAL POWER PURCHASE AGREEMENT - The City owns its electrical distribution systems and purchases its power under an agreement with Orlando Utilities Commission (OUC) which expires December 31, 2017.

WASTEWATER TREATMENT AGREEMENT WITH POLK COUNTY - The City entered into an agreement through October 6, 2038 to process up to 1.0 MGD of wastewater for the County at a rate of \$2.88/1000 gallons. To secure the capacity in the City's existing facilities, the County is paying a portion of the City's debt service (\$16,768 per month) related to certain existing wastewater treatment capital improvements made by the City in cooperation with the County. These payments are reported as capital contributions when received. In addition, the County will pay the City \$2,766,698, towards future improvements to secure capacity up to 2.5 MGD when the facilities are built. One half of this payment, \$1,383,349 was received by the City in 2014 and the other half is due by November 30, 2015. This money is reported as unearned revenue until the planned improvements are implemented.

CITY OF BARTOW, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 14 - RESTATEMENT OF NET POSITION

For the current year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities". GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

Beginning net position as previously reported for the governmental activities was reduced by \$35,716 and business-type activities and the enterprise fund were reduced by \$423,514 for debt issuance costs that had been reported as an asset and amortized over the life of the debt. With the exception of prepaid insurance costs, costs related to the issuance of debt will be recognized as an expense in the period incurred rather than recorded as an asset and amortized over the life of the debt.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
for the year ended September 30, 2014

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes	\$ 4,355,446	\$ 4,355,446	\$ 4,381,737	\$ 26,291
Licenses and permits	213,401	213,401	298,406	85,005
Intergovernmental revenue	2,193,791	2,095,816	2,035,630	(60,186)
Charges for services	1,459,191	1,459,191	1,436,201	(22,990)
Fines and forfeitures	127,172	127,172	115,844	(11,328)
Other	517,207	533,207	504,863	(28,344)
Total revenues	<u>8,866,208</u>	<u>8,784,233</u>	<u>8,772,681</u>	<u>(11,552)</u>
EXPENDITURES:				
General government:				
Commission	2,188,437	1,559,954	1,463,005	96,949
City Manager	505,508	384,582	376,566	8,016
City Clerk	154,112	140,633	139,983	650
Finance	245,906	173,757	172,985	772
Personnel	166,084	161,535	160,346	1,189
Purchasing	48,454	40,617	41,912	(1,295)
Internal Audit	93,996			
Grant Management	74,768	76,469	75,470	999
Planning	127,363	120,360	117,374	2,986
Fleet maintenance	244,917	261,905	292,329	(30,424)
Public safety:				
Police	5,671,149	5,483,431	5,453,619	29,812
Building	418,150	364,709	365,218	(509)
Physical environment:				
Public Works	1,303,018	1,180,543	1,174,628	5,915
Economic environment:				
Community Development	198,767	111,572	108,947	2,625
Culture/Recreation:				
Library	563,838	518,927	504,397	14,530
Library Coop - County	178,897	163,265	158,804	4,461
Library Coop - State Aid	528,902	357,239	352,613	4,626
Parks and Recreation	3,106,587	3,618,590	3,525,033	93,557
Golf Course	974,969	1,013,612	997,843	15,769
Golf Course - restaurant	570,127	548,629	539,092	9,537
Total expenditures	<u>17,363,949</u>	<u>16,280,329</u>	<u>16,020,164</u>	<u>260,165</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,497,741)	(7,496,096)	(7,247,483)	248,613
OTHER FINANCING SOURCES (USES):				
Proceeds from borrowings			766,956	766,956
Payment to refunding escrow			(764,553)	(764,553)
Transfers out	(1,419,010)	(1,419,010)	(1,405,725)	13,285
Transfers in	9,916,751	9,916,751	9,916,751	
Total other financing sources	<u>8,497,741</u>	<u>8,497,741</u>	<u>8,513,429</u>	<u>15,688</u>
NET CHANGE IN FUND BALANCE	<u>\$</u>	<u>\$ 1,001,645</u>	<u>\$ 1,265,946</u>	<u>\$ 264,301</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - COMMUNITY REDEVELOPMENT AGENCY
for the year ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 696,615	\$ 696,615	\$ 697,248	\$ 633
Other	<u>2,700</u>	<u>2,700</u>	<u>3,641</u>	<u>941</u>
Total revenues	<u>699,315</u>	<u>699,315</u>	<u>700,889</u>	<u>1,574</u>
EXPENDITURES:				
Economic environment	594,315	594,315	313,154	281,161
Debt service	<u>260,000</u>	<u>260,000</u>	<u>258,262</u>	<u>1,738</u>
Total expenditures	<u>854,315</u>	<u>854,315</u>	<u>571,416</u>	<u>282,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(155,000)</u>	<u>(155,000)</u>	<u>129,473</u>	<u>284,473</u>
OTHER FINANCING SOURCES (USES):				
Loan repayments	<u>5,000</u>	<u>5,000</u>		<u>(5,000)</u>
Total other financing sources	<u>5,000</u>	<u>5,000</u>		<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ 129,473</u>	<u>\$ 279,473</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
SCHEDULES OF FUNDING PROGRESS -
GENERAL, POLICE, FIRE AND OPEB PLANS
September 30, 2014

General Employees' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2012	\$ 14,924,163	\$ 25,456,216	\$ 10,532,053	58.63%	\$ 7,908,964	133.17%
10/01/2011	\$ 12,490,930	\$ 22,778,863	\$ 10,287,933	54.84%	\$ 7,934,051	129.67%
10/01/2010	\$ 11,856,644	\$ 20,224,576	\$ 8,367,932	58.62%	\$ 8,316,296	100.62%
10/01/2009	\$ 10,937,063	\$ 18,667,539	\$ 7,730,476	58.59%	\$ 8,292,702	93.22%
10/01/2008	\$ 9,940,526	\$ 17,176,097	\$ 7,235,571	57.87%	\$ 8,519,905	84.93%
10/01/2007	\$ 9,212,327	\$ 10,491,810	\$ 1,279,483	87.80%	\$ 8,719,483	14.67%

Police Officers' Retirement Trust Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2012	\$ 12,787,924	\$ 17,217,968	\$ 4,430,044	74.27%	\$ 1,667,067	265.74%
10/01/2011	\$ 11,328,641	\$ 15,863,383	\$ 4,534,742	71.41%	\$ 1,729,395	262.22%
10/01/2010	\$ 11,685,414	\$ 15,136,092	\$ 3,450,678	77.20%	\$ 1,775,191	194.38%
10/01/2009	\$ 11,673,162	\$ 14,289,499	\$ 2,616,337	81.69%	\$ 1,814,357	144.20%
10/01/2008	\$ 12,075,278	\$ 12,875,477	\$ 800,199	93.79%	\$ 1,783,136	44.88%
10/01/2007	\$ 12,212,528	\$ 13,078,814	\$ 866,286	93.38%	\$ 2,031,544	42.64%

Firefighters' Retirement Trust Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2012	\$ 6,262,478	\$ 7,257,446	\$ 994,968	86.29%	\$ 917,980	108.39%
10/01/2011	\$ 5,811,918	\$ 6,711,989	\$ 900,071	86.59%	\$ 1,016,923	88.51%
10/01/2010	\$ 5,849,384	\$ 6,680,251	\$ 830,867	87.56%	\$ 1,017,521	81.66%
10/01/2009	\$ 5,718,897	\$ 6,393,737	\$ 674,840	89.45%	\$ 1,002,315	67.33%
10/01/2008	\$ 5,654,537	\$ 6,282,830	\$ 628,293	90.00%	\$ 1,021,055	61.53%
10/01/2007	\$ 5,525,221	\$ 5,784,630	\$ 259,409	95.52%	\$ 1,067,587	24.30%

Other Post Employment Benefits Plan (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2012	\$ 0	\$ 17,639,617	\$ 17,639,617	0.00%	\$ NA	NA
10/01/2011	\$ 0	\$ 13,393,000	\$ 13,393,000	0.00%	\$ NA	NA
10/01/2008	\$ 0	\$ 8,197,000	\$ 8,197,000	0.00%	\$ 11,281,000	72.66%

See Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

CITY OF BARTOW, FLORIDA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
as of September 30, 2014

	<u>Transportation Fund</u>	<u>Fire Services Fund</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 347,625	\$ 107,076	\$ 454,701
Receivables, net			
Customer accounts, net		25	25
Intergovernmental and other	169,614	19,964	189,578
Inventory and prepaid expenses		633	633
Restricted assets:			
Cash and cash equivalents	592,089		592,089
Customer receivables	36,053		36,053
TOTAL ASSETS	<u>\$ 1,145,381</u>	<u>\$ 127,698</u>	<u>\$ 1,273,079</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 30,197	\$ 2,515	\$ 32,712
Accrued payroll	5,253	59,077	64,330
TOTAL LIABILITIES	<u>35,450</u>	<u>61,592</u>	<u>97,042</u>
DEFERRED INFLOWS			
Unavailable revenues	36,053		36,053
FUND BALANCE			
Non-spendable - prepaid expenses		633	633
Restricted for:			
Transportation capital improvements	592,089		592,089
Transportation activities	481,789		481,789
Assigned		65,473	65,473
TOTAL FUND BALANCE	<u>1,073,878</u>	<u>66,106</u>	<u>1,139,984</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,145,381</u>	<u>\$ 127,698</u>	<u>\$ 1,273,079</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
for the year ended September 30, 2014

	Transportation Fund	Fire Services Fund	Total
REVENUES:			
Taxes	\$ 864,638	\$	\$ 864,638
Intergovernmental revenue	154,671	83,457	238,128
Charges for services	122,021	509,671	631,692
Fines and forfeitures		875	875
Other	139,812	625	140,437
Total revenues	<u>1,281,142</u>	<u>594,628</u>	<u>1,875,770</u>
EXPENDITURES:			
Public safety		2,000,353	2,000,353
Transportation	1,041,106		1,041,106
Debt service	(25,347)		(25,347)
Total expenditures	<u>1,015,759</u>	<u>2,000,353</u>	<u>3,016,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>265,383</u>	<u>(1,405,725)</u>	<u>(1,140,342)</u>
OTHER FINANCING SOURCES (USES):			
Debt proceeds	2,097,149		2,097,149
Payment to refunding escrow	(2,128,647)		(2,128,647)
Transfers in (out)		1,405,725	1,405,725
Total other financing sources	<u>(31,498)</u>	<u>1,405,725</u>	<u>1,374,227</u>
NET CHANGE IN FUND BALANCE	233,885	-	233,885
FUND BALANCE, beginning of year	<u>839,993</u>	<u>66,106</u>	<u>906,099</u>
FUND BALANCE, end of year	<u>\$ 1,073,878</u>	<u>\$ 66,106</u>	<u>\$ 1,139,984</u>

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CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND
for the year ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 814,928	\$ 814,928	\$ 864,638	\$ 49,710
Intergovernmental revenue	150,517	150,517	154,671	4,154
Charges for services	122,025	122,025	122,021	(4)
Other	300	300	139,812	139,512
Total revenues	<u>1,087,770</u>	<u>1,087,770</u>	<u>1,281,142</u>	<u>193,372</u>
EXPENDITURES:				
Transportation	1,287,770	1,073,536	1,041,106	32,430
Debt service		83,294	(25,347)	108,641
Total expenditures	<u>1,287,770</u>	<u>1,156,830</u>	<u>1,015,759</u>	<u>141,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(200,000)</u>	<u>(69,060)</u>	<u>265,383</u>	<u>334,443</u>
OTHER FINANCING SOURCES (USES):				
Debt proceeds			2,097,149	2,097,149
Payment to refunding escrow			(2,128,647)	(2,128,647)
Transfers in	200,000	200,000		(200,000)
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>(31,498)</u>	<u>(231,498)</u>
NET CHANGE IN FUND BALANCE	<u>\$</u>	<u>\$ 130,940</u>	<u>\$ 233,885</u>	<u>\$ 102,945</u>

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CITY OF BARTOW, FLORIDA
BUDGETARY COMPARISON SCHEDULE - FIRE SERVICES FUND
for the year ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue	\$ 79,284	\$ 79,284	\$ 83,457	\$ 4,173
Charges for services	499,432	499,432	509,671	10,239
Fines and forfeitures			875	875
Other			625	625
Total revenues	<u>578,716</u>	<u>578,716</u>	<u>594,628</u>	<u>15,912</u>
EXPENDITURES:				
Public safety	<u>1,997,726</u>	<u>1,997,726</u>	<u>2,000,353</u>	<u>(2,627)</u>
Total expenditures	<u>1,997,726</u>	<u>1,997,726</u>	<u>2,000,353</u>	<u>(2,627)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(1,419,010)</u>	<u>(1,419,010)</u>	<u>(1,405,725)</u>	<u>13,285</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,419,010</u>	<u>1,419,010</u>	<u>1,405,725</u>	<u>(13,285)</u>
Total other financing sources	<u>1,419,010</u>	<u>1,419,010</u>	<u>1,405,725</u>	<u>(13,285)</u>
NET CHANGE IN FUND BALANCE				
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF NET POSITION - NON-MAJOR ENTERPRISE FUNDS
as of September 30, 2014

	Business Type Activities - Non-Major Enterprise Funds			
	Sanitation Fund	Information Technology Fund	Stormwater Fund	Total
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,035,172	\$ 197,540	\$ 316,889	\$ 1,549,601
Receivables, net				
Customers	347,782	1,313		349,095
Inventory and prepaids		34,355		34,355
Total current assets	<u>1,382,954</u>	<u>233,208</u>	<u>316,889</u>	<u>1,933,051</u>
Noncurrent assets:				
Capital assets, net				
Non-depreciable	151,354		60,406	211,760
Depreciable	497,278	593,295	2,240,011	3,330,584
Total noncurrent assets	<u>648,632</u>	<u>593,295</u>	<u>2,300,417</u>	<u>3,542,344</u>
TOTAL ASSETS	<u>2,031,586</u>	<u>826,503</u>	<u>2,617,306</u>	<u>5,475,395</u>
LIABILITIES				
Current liabilities:				
Accounts payable	109,857	1,234	37,486	148,577
Accrued wages	24,851	2,606	6,347	33,804
Bonds and notes payable, current portion	51,541			51,541
Total current liabilities	<u>186,249</u>	<u>3,840</u>	<u>43,833</u>	<u>233,922</u>
Noncurrent liabilities:				
Compensated absences	63,164	18,895	1,631	83,690
OPEB obligation	328,993	11,116	84,151	424,260
Total noncurrent liabilities	<u>392,157</u>	<u>30,011</u>	<u>85,782</u>	<u>507,950</u>
TOTAL LIABILITIES	<u>578,406</u>	<u>33,851</u>	<u>129,615</u>	<u>741,872</u>
NET POSITION				
Net investment in capital assets	597,090	593,295	2,300,417	3,490,802
Unrestricted	856,090	199,357	187,274	1,242,721
TOTAL NET POSITION	<u>\$ 1,453,180</u>	<u>\$ 792,652</u>	<u>\$ 2,487,691</u>	<u>\$ 4,733,523</u>

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CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - NON-MAJOR ENTERPRISE FUNDS
for the year ended September 30, 2014

	Business Type Activities - Non-Major Enterprise Funds			Total
	Sanitation Fund	Information Technology Fund	Stormwater Fund	
OPERATING REVENUES:				
Charges for services	\$ 3,091,426	\$ 185,436	\$ 718,273	\$ 3,995,135
Total operating income	<u>3,091,426</u>	<u>185,436</u>	<u>718,273</u>	<u>3,995,135</u>
OPERATING EXPENSES:				
Personal services	933,229	95,751	221,207	1,250,187
Operating expenses	1,672,750	83,050	276,571	2,032,371
Depreciation	158,802	68,270	53,759	280,831
Total operating expenses	<u>2,764,781</u>	<u>247,071</u>	<u>551,537</u>	<u>3,563,389</u>
OPERATING INCOME (LOSS)	<u>326,645</u>	<u>(61,635)</u>	<u>166,736</u>	<u>431,746</u>
NONOPERATING REVENUE (EXPENSE):				
Interest revenue	624	64	354	1,042
Interest expense	(2,604)			(2,604)
Other, net	18,392			18,392
Total nonoperating revenues (expenses)	<u>16,412</u>	<u>64</u>	<u>354</u>	<u>16,830</u>
Income (loss) before contributions and transfers	<u>343,057</u>	<u>(61,571)</u>	<u>167,090</u>	<u>448,576</u>
Change in net position	<u>343,057</u>	<u>(61,571)</u>	<u>167,090</u>	<u>448,576</u>
NET POSITION - beginning of year,	<u>1,110,123</u>	<u>854,223</u>	<u>2,320,601</u>	<u>4,284,947</u>
NET POSITION - end of year	<u>\$ 1,453,180</u>	<u>\$ 792,652</u>	<u>\$ 2,487,691</u>	<u>\$ 4,733,523</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF CASH FLOWS - NON MAJOR ENTERPRISE FUNDS
for the year ended September 30, 2014

	Business Type Activities - Non-Major Enterprise Funds			
	Sanitation Fund	Information Technology Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,128,954	\$ 185,870	\$ 718,273	\$ 4,033,097
Payments to suppliers	(1,657,927)	(94,747)	(242,592)	(1,995,266)
Payments for salaries and benefits	(846,544)	(68,338)	(196,638)	(1,111,520)
Net cash flows from operating activities	<u>624,483</u>	<u>22,785</u>	<u>279,043</u>	<u>926,311</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets, net of related payables	(14,320)		(806,483)	(820,803)
Principal paid on notes, bonds and lease obligations	(104,273)			(104,273)
Interest paid on borrowings	(2,604)			(2,604)
Net cash flows from capital and related financing activities	<u>(121,197)</u>		<u>(806,483)</u>	<u>(927,680)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Other investing income / (loss)	18,392			18,392
Interest on invested funds and other	624	64	354	1,042
Net cash flows from investing activities	<u>19,016</u>	<u>64</u>	<u>354</u>	<u>19,434</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	522,302	22,849	(527,086)	18,065
CASH AND CASH EQUIVALENTS, beginning of year	<u>512,870</u>	<u>174,691</u>	<u>843,975</u>	<u>1,531,536</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,035,172</u>	<u>\$ 197,540</u>	<u>\$ 316,889</u>	<u>\$ 1,549,601</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income / (loss)	\$ 326,645	\$ (61,635)	\$ 166,736	\$ 431,746
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	158,802	68,270	53,759	280,831
(Increase) decrease in accounts receivable	37,528	434		37,962
Increase (decrease) in accounts payable and accrued expenses	14,823	(11,697)	33,979	37,105
Increase (decrease) in accrued wages and compensated absences	14,010	21,501	422	35,933
Increase (decrease) in OPEB obligation	72,675	5,912	24,147	102,734
Net cash flows from operating activities	<u>\$ 624,483</u>	<u>\$ 22,785</u>	<u>\$ 279,043</u>	<u>\$ 926,311</u>
Noncash financing and investing activities -				
None	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION FUNDS
as of September 30, 2014

	Pension Trust Funds			Total
	General Employees	Fire Pension	Police Pension	
ASSETS				
Receivables:				
State of Florida	\$	\$ 112,451	\$ 118,257	\$ 230,708
City		139	38,081	38,220
Accrued income	54,170	3,925	44,669	102,764
Total receivables	<u>54,170</u>	<u>116,515</u>	<u>201,007</u>	<u>371,692</u>
Prepaid expenses	3,875			3,875
Investments, at fair market value:				
Short-term money market funds	405,026	99,076	259,836	763,938
Fixed income securities	5,825,135	2,781,060	5,252,865	13,859,060
Equity securities	14,582,264	5,012,749	10,144,791	29,739,804
Total investments	<u>20,812,425</u>	<u>7,892,885</u>	<u>15,657,492</u>	<u>44,362,802</u>
Total assets	<u>20,870,470</u>	<u>8,009,400</u>	<u>15,858,499</u>	<u>44,738,369</u>
NET POSITION, restricted for pension benefits	<u>\$ 20,870,470</u>	<u>\$ 8,009,400</u>	<u>\$ 15,858,499</u>	<u>\$ 44,738,369</u>

See Auditors' Report

CITY OF BARTOW, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS
for the year ended September 30, 2014

	Pension Trust Funds			Total
	General Employees	Fire Pension	Police Pension	
ADDITIONS				
Contributions:				
City	\$ 1,278,269	\$ 420,397	\$ 826,682	\$ 2,525,348
Plan members	300,454	19,518	71,421	391,393
State of Florida		112,451	118,257	230,708
Total contributions	<u>1,578,723</u>	<u>552,366</u>	<u>1,016,360</u>	<u>3,147,449</u>
Investment income (loss)	<u>1,584,500</u>	<u>825,042</u>	<u>1,637,961</u>	<u>4,047,503</u>
Less investment expenses:				
Investment management fees	87,909	20,189	33,146	141,244
Custodial fees	17,010	6,000	10,200	33,210
Performance evaluation fees	15,500	15,500	11,625	42,625
Total investment expenses	<u>120,419</u>	<u>41,689</u>	<u>54,971</u>	<u>217,079</u>
Net investment income (loss)	<u>1,464,081</u>	<u>783,353</u>	<u>1,582,990</u>	<u>3,830,424</u>
Total additions	<u>3,042,804</u>	<u>1,335,719</u>	<u>2,599,350</u>	<u>6,977,873</u>
DEDUCTIONS				
Administrative expenses:				
Legal	3,782	7,898	6,436	18,116
Actuarial	12,644	8,300	5,085	26,029
Audit	4,860	3,000	3,000	10,860
Accounting	2,241	2,745	2,745	7,731
Travel, training and other		12,389	7,189	19,578
Plan administrator		9,000	17,800	26,800
Total administrative expenses	<u>23,527</u>	<u>43,332</u>	<u>42,255</u>	<u>109,114</u>
Benefits and termination payments	<u>973,494</u>	<u>393,888</u>	<u>735,413</u>	<u>2,102,795</u>
Total deductions	<u>997,021</u>	<u>437,220</u>	<u>777,668</u>	<u>2,211,909</u>
NET INCREASE (DECREASE)	<u>2,045,783</u>	<u>898,499</u>	<u>1,821,682</u>	<u>4,765,964</u>
NET POSITION				
Balance, beginning of year	<u>18,824,687</u>	<u>7,110,901</u>	<u>14,036,817</u>	<u>39,972,405</u>
Balance, end of year	<u>\$ 20,870,470</u>	<u>\$ 8,009,400</u>	<u>\$ 15,858,499</u>	<u>\$ 44,738,369</u>

See Auditors' Report

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bartow, Florida (the City), as of and for the year ended September 30, 2014, 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 24, 2015. Our report referred to the reports of other auditors of the firefighters' and police officers' pension plans.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

April 24, 2015
Sarasota, Florida

INDEPENDENT AUDITORS' MANAGEMENT LETTER

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

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

Report on Compliance

We have examined the City of Bartow, Florida (the City)'s compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2014, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management's Responsibility

Management is responsible for the City's compliance with those requirements.

Accountants' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Restriction on Use

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

Purvis, Gray and Company, LLP

April 24, 2015
Sarasota, Florida

Certified Public Accountants

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

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Bartow, Florida (the City), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 24, 2015. Our report referred to the reports of other auditors of the firefighters' and police officers' pension plans.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes. Disclosures in those reports, which are dated April 24, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City has disclosed this information in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

MANAGEMENT LETTER
(Continued)

Financial Condition (Concluded)

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

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did have the following recommendation:

■ **2014.1—Salem Trust Company - Adverse Opinion on Internal Control**

On February 2, 2015, the auditors for USF Affiliate Services, Inc., an entity which includes Salem Trust Company (STC), issued an adverse opinion on STC's internal controls for the year ended June 30, 2014. STC is the custodian of approximately \$44.4 million of the City's pension trust fund investments. In their report, the auditors concluded that many of STC's internal controls, designed to ensure that its clients' investment transactions were processed accurately and timely, were not operating effectively during that period. The auditors noted that numerous errors had incurred in the processing of client data. In their separate audits, the pension boards were advised to consider the implications of the adverse audit findings. We recommend the City Commission monitor their progress in this matter.

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

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

MANAGEMENT LETTER
(Concluded)

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, and Federal and other granting agencies, the Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Purvis, Gray and Company, LLP

April 24, 2015
Sarasota, Florida