

# **CITY OF BARTOW, FLORIDA**

**T.I.N. No. 59-6000272**

## **FINANCIAL STATEMENTS AND AUDITORS' REPORTS**

**September 30, 2013**

# CITY OF BARTOW, FLORIDA

September 30, 2013

## **TABLE OF CONTENTS**

### **PART I - REQUIRED SUPPLEMENTAL INFORMATION - MANAGEMENTS' DISCUSSION AND ANALYSIS**

Managements' Discussion and Analysis .....	M1
--	----

### **PART II - FINANCIAL SECTION**

Independent Auditors' Report .....	1-3
------------------------------------	-----

#### **Basic Financial Statements:**

##### **Government-wide Statements:**

Statement of Net Position .....	4
Statement of Activities .....	5

##### **Governmental Funds:**

Balance Sheet - Governmental Funds .....	6
Reconciliation of the Balance Sheet to the Statement of Net Position .....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	9

##### **Proprietary Funds:**

Statement of Fund Net Position - Proprietary Funds .....	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds .....	11
Statement of Cash Flows - Proprietary Funds .....	12

##### **Fiduciary Funds:**

Statement of Fiduciary Net Position - Fiduciary Funds .....	13
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	14

Notes to Financial Statements .....	15-49
-------------------------------------	-------

### **PART III - REQUIRED SUPPLEMENTARY INFORMATION**

#### **Budgetary Comparison Schedules:**

General Fund .....	50
Community Redevelopment Agency .....	51

Schedules of Funding Progress - General, Police, Fire and OPEB Plans .....	52
--	----

# CITY OF BARTOW, FLORIDA

September 30, 2013

## **TABLE OF CONTENTS**

### **PART IV - OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet - Non-major Governmental Funds .....	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds .....	54
Budgetary Comparison Schedule - Transportation Fund .....	55
Budgetary Comparison Schedule - Fire Services Fund .....	56
Combining Statement of Net Position - Non-major Enterprise Funds .....	57
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Non-major Enterprise Funds .....	58
Combining Statement of Cash Flows - Non-major Enterprise Funds .....	59
Combining Statement of Fiduciary Net Position - Pension Funds .....	60
Combining Statement of Changes in Fiduciary Net Position - Pension Funds .....	61

### **PART V - COMPLIANCE SECTION**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	62-63
--	-------

<b>PART VI - MANAGEMENT LETTER</b> .....	64-65
--	-------

## **MANAGEMENTS' DISCUSSION AND ANALYSIS**

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

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 2013 by \$86,254,145 (net position). Of this amount, \$22,266,075 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$1,006,639, or 1.2% during the year. Net position for governmental activities increased by \$289,184, or just over 1%, while the business-type net position increased by \$717,455, or 1.2%. In addition, the City increased the beginning net position of governmental activities by \$417,811 and business-type activities by \$1,044,334 to record prior year developer contributions related to Clear Springs Phase I.
- Total combined revenues resulting from governmental activities and business-type activities decreased \$1,430,667 or 2.2% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased \$176,645 or 0.3% 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 \$11,799,526, an increase of \$1,782,404, or 17.8% for the year.
- The City's business-like activities transferred \$9,856,751 to cover the cost of governmental activities not funded by taxes or user fees. This is an increase of \$573,501, or 6.2% 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 Statement of Activities seek to give the user a combined overview of the City's financial

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

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. 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 redevelopment. 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.

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

**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 53-56).

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 50 and 51 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.

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

**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 57-59). 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 60 and 61 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 49.

**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 \$86,254,145. 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.



**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

Statement of Net Position (Summary)						
As of September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 13,691,628	\$ 12,434,920	\$ 33,281,619	\$ 30,951,183	\$ 46,973,247	\$ 43,386,103
Capital assets,						
net of depreciation	24,545,704	24,961,159	65,642,315	67,138,498	90,188,019	92,099,657
<b>Total assets</b>	<b>38,237,332</b>	<b>37,396,079</b>	<b>98,923,934</b>	<b>98,089,681</b>	<b>137,161,266</b>	<b>135,485,760</b>
Current and other liabilities	1,183,384	1,548,334	5,346,544	5,125,413	6,529,928	6,673,747
Long-term liabilities	9,613,604	9,114,396	34,763,589	35,912,256	44,377,193	45,026,652
<b>Total liabilities</b>	<b>10,796,988</b>	<b>10,662,730</b>	<b>40,110,133</b>	<b>41,037,669</b>	<b>50,907,121</b>	<b>51,700,399</b>
Net position:						
Net investment in						
capital assets	20,721,078	20,744,528	35,888,547	35,882,834	56,609,625	56,627,362
Restricted	1,837,709	1,759,140	5,540,736	4,791,107	7,378,445	6,550,247
Unrestricted	4,881,557	4,229,681	17,384,518	16,378,071	22,266,075	20,607,752
<b>Total net position</b>	<b>\$ 27,440,344</b>	<b>\$ 26,733,349</b>	<b>\$ 58,813,801</b>	<b>\$ 57,052,012</b>	<b>\$ 86,254,145</b>	<b>\$ 83,785,361</b>

Approximately 65.6% 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 67.6% 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 8.6% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 7.8% in the prior year. The remaining balance of unrestricted net position, \$22,266,075, or 25.8% of the City's net position in 2013 may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$1,658,323, or 8.0% for the year. Total net position of the City has increased by \$2,468,784 or 2.9% for the year.

**Statement of Activities.** The 2013 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.

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

Statement of Activities (Summary)						
As of September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 1,853,554	\$ 1,879,636	\$ 50,114,317	\$ 49,157,879	\$ 51,967,871	\$ 51,037,515
Operating grants and contributions	1,333,656	1,297,208	-	-	1,333,656	1,297,208
Capital grants and contributions	273,069	806,200	1,160,204	2,675,760	1,433,273	3,481,960
General revenues:						
Property taxes - General	1,732,111	1,840,728	-	-	1,732,111	1,840,728
Property taxes - CRA	673,349	713,538	-	-	673,349	713,538
Pub Svc Tax/Franchise Fees	2,545,458	2,577,743	-	-	2,545,458	2,577,743
Transportation Fuel Taxes	819,943	839,187	-	-	819,943	839,187
State Shared revenue	1,483,931	1,404,799	-	-	1,483,931	1,404,799
Other	39,992	197,589	471,333	541,317	511,325	738,906
<b>Total revenues</b>	<b>10,755,063</b>	<b>11,556,628</b>	<b>51,745,854</b>	<b>52,374,956</b>	<b>62,500,917</b>	<b>63,931,584</b>
<b>Expenses:</b>						
General government	2,927,735	3,089,829	-	-	2,927,735	3,089,829
Law enforcement	5,787,634	5,426,571	-	-	5,787,634	5,426,571
Fire control	2,064,646	1,919,742	-	-	2,064,646	1,919,742
Building and zoning	457,876	427,462	-	-	457,876	427,462
Public works	1,083,097	1,519,523	-	-	1,083,097	1,519,523
Transportation	1,328,609	1,606,854	-	-	1,328,609	1,606,854
Library	1,124,845	1,250,621	-	-	1,124,845	1,250,621
Parks and recreation	4,875,346	4,850,858	-	-	4,875,346	4,850,858
Community redevelopment	498,285	560,223	-	-	498,285	560,223
Interest on long-term debt	174,557	190,058	-	-	174,557	190,058
Electric	-	-	25,616,285	25,112,277	25,616,285	25,112,277
Water	-	-	4,274,052	4,134,352	4,274,052	4,134,352
Wastewater	-	-	3,672,136	3,540,376	3,672,136	3,540,376
Sanitation	-	-	2,675,599	2,708,248	2,675,599	2,708,248
Stormwater	-	-	596,134	587,673	596,134	587,673
Information Technology	-	-	167,540	124,083	167,540	124,083
Airport	-	-	4,169,902	4,268,883	4,169,902	4,268,883
<b>Total expenses</b>	<b>20,322,630</b>	<b>20,841,741</b>	<b>41,171,648</b>	<b>40,475,892</b>	<b>61,494,278</b>	<b>61,317,633</b>
Increase(decrease) in net position before transfers	(9,567,567)	(9,285,113)	10,574,206	11,899,064	1,006,639	2,613,951
Transfers	9,856,751	9,283,250	(9,856,751)	(9,283,250)	-	-
Increase(decrease) in net position	289,184	(1,863)	717,455	2,615,814	1,006,639	2,613,951
Net position - Beginning (restated)	27,151,160	26,735,212	58,096,346	54,436,198	85,247,506	81,171,410
Net position - Ending	\$ 27,440,344	\$ 26,733,349	\$ 58,813,801	\$ 57,052,012	\$ 86,254,145	\$ 83,785,361

**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 2013, Operating Grants and Contributions were received for General Government, Law Enforcement, Fire Control, the Library, and Parks & Recreation. In 2013,

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

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

During 2013, governmental net position increased by \$289,184 compared to a decrease in 2012 of \$1,863, a net improvement of \$291,047. However, to achieve these modest results, transfers in of \$9,856,751 were required in 2013, compared to transfers in of \$9,283,250 in 2012. This over-reliance on business-type activities to fund governmental activities is not a favorable situation. Overall, total revenues are down \$801,565 or 6.9%, total expenses are up \$519,111 or 2.5%, and transfers are up \$573,501 or 6.2%. Following are key changes in the statement of activities from 2012 to 2013:

- Capital grants and contributions are down \$533,131 or 66.1% in 2013 compared to 2012. There was \$476,800 in one-time revenues related to an energy and efficiency conservation block grant (EECBG) for the City's government buildings in 2012.
- Property taxes are down \$148,806 or 5.8% in 2013 compared to 2012. The City's millage rate remained constant at 3.9962 for both years, but valuations were down in both the community redevelopment area and the City as a whole. This continues a disturbing trend due to the nationwide economic downturn.

On the expense side:

- General Government expenses are down \$162,094 or 5.2%. A variety of factors contributed to this reduction.
- Law Enforcement expenses are up \$361,063 or 6.7%. Retirement contributions alone are up \$232,908.
- Public Works expenses are down \$436,426 or 28.7%. One-time EECBG expenditures in 2012 are the biggest contributor to this reduction (offsetting the corresponding revenue decrease noted above).
- Transportation expenses are down \$278,245 or 17.3%. The biggest portion is attributable to personnel reductions.
- Library expenses are down \$125,776 or 10.1%. The biggest portion is also attributable to personnel reductions.

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. Governmental fund balances and enterprise fund unrestricted net position have been slowly increasing, but these balances are still at less than desired levels and warrant continuous monitoring. Growing personnel and operating costs in the service-oriented governmental funds make it difficult to adapt quickly to fluctuating utility revenues and

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

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 \$717,455 compared to an increase of \$2,615,814 in the prior year. This is after the transfer supporting governmental activities discussed above. Operating income is actually up 1.9%, but the results are down because of capital contributions. For example, Airport capital grants are down from \$1,936,966 in 2012 to \$421,515 in 2013. Following are the highlights of the changes from 2012 to 2013, by major fund:

- In the Electric Fund, the change in net position improved from \$60,830 in 2012 to \$379,896 in 2013, an improvement of \$319,066. Charges for services increased by \$901,111 or 2.6%, and power costs increased by \$561,153. Other expenses were down 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 decreased from \$79,547 in 2012 to \$(219,229) in 2013, a reduction of \$298,776. Charges for services increased by \$47,362 or 1.2%; a rate increase in 2013 was offset by reduced consumption. Expenses increased \$139,700 or 3.4%, and \$250,000 was transferred to the General Fund in 2013, where there was no transfer in 2012.
- In the Wastewater Fund, the change in net position decreased from \$830,173 in 2012 to \$214,977 in 2013, a reduction of \$615,196. Charges for services decreased by \$112,990 or 2.9%, mostly due to a reduction in gallons billed (the City did not change wastewater rates in 2013 or 2012). Expenses increased \$131,760 or 3.7%, and \$350,000 was transferred to the General Fund in 2013, where there was no transfer in 2012.
- In the Airport Fund, the change in net position decreased from \$1,262,053 in 2012 to \$(116,602) in 2013, a reduction of \$1,378,655. Charges for services increased by \$44,458 or 1.2%, and expenses decreased \$98,981 or 2.3%. As mentioned above, capital grants decreased \$1,515,451.
- In the combined Non-Major Funds, the change in net position increased from \$383,211 in 2012 to \$458,413 in 2013, an improvement of \$75,202. Operating revenues increased by \$76,497 or 2.0%, and expenses increased \$19,269 or 0.6%. Combining statements can be found on pages 57-59 under the "Other Supplementary Information" section of the financial statements.

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

**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 balance of \$11,799,526. Of this amount, \$240,445 or 2.0% is non-spendable, \$1,813,977 or 15.4% is legally restricted for specific purposes, \$64,388 or 0.5% has been assigned by the City Commission for fire services, and \$9,680,716 or 82.0% 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 \$9,680,716, and total fund balance was \$10,425,288. This represents 62.8% and 67.6% respectively, of total General Fund expenditures for the year ended September 30, 2013.

In the General Fund, the change in fund balance for the year increased from \$394,992 in 2012 to \$1,769,884 in 2013, an improvement of \$1,374,892. Following is a summary of the changes from 2012 to 2013:

- Revenues are down \$475,845 or 5.2%. The biggest portion is intergovernmental revenues, which are down \$624,198. Of that reduction, \$476,800 is related to the 2012 EECBG grant discussed above. Taxes, including property taxes, are down \$142,734 or 3.2%. "Other" revenues are up \$316,846.
- Expenses are down \$1,389,661 or 8.3%. Capital outlay decreased \$1,378,894, much of it related to the 2012 EECBG grant, and the remainder of the increase was spread across various departments. Salaries and wages were up less than 3%, but retirement contributions in the General Fund alone were up \$398,163 (32.3%).
- Net transfers in are up \$461,076, primarily from the Water and Wastewater Funds, as discussed above.

*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

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

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 \$468,139, a reduction of \$64,144 for the year. This compares to a decrease in fund balance for 2012 of \$52,927. Following is a summary of the changes from 2012 to 2013:

- Revenues are down \$43,262 or 6.0%, mostly property taxes, the result of decreased property values within the CRA boundaries.
- Combined expenditures and transfers out were down \$32,045 or 4.1%, in response to the reduced revenues.

**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 three non-major enterprise funds can be found on pages 57-59. 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 \$39,972,405 of net assets in trust for pension benefits at September 30, 2013. This is an increase of \$4,638,818 or 13.1% for the year. For additional information, see Note 9 on pages 42-43.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund actual to budget comparison can be found on page 50. As shown on that page, the original 2013 General Fund projected a surplus of \$422,721. Amendments to the original budget during 2013 increased that projected surplus to \$969,792, and included the following:

- The original budget for revenues and other financing sources was reduced by \$625,458. Amendments included reductions in intergovernmental revenues of \$244,382 (mostly grants), reductions to taxes of \$489,373 (mostly electric utility service taxes), and increases in "other" revenues of \$178,550 (various).

**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

- The original budget for expenditures and transfers out was reduced by \$1,172,529. Amendments included reductions to general government of \$646,596 (mostly City Commission legal fees and contingency), physical environment-public works of \$261,589 (mostly capital outlay) and culture/recreation of \$175,827 (mostly library grants).

As shown on page 50, actual results for 2013 were \$800,092 better than budget. Actual revenues came in \$74,340 or 0.9% better than the final amended budget. No single category was significantly over or under budget. Expenditures came in \$685,348 or 4.4% better than the final amended budget, spread across all departments. Net transfers in were \$40,404 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, 2013, amounts to \$90,188,019 (net of accumulated depreciation), a decrease of \$3,373,783 for the current year. Governmental net additions were \$593,789 and depreciation was \$1,427,055, for a net decrease of \$833,266. Business-type net additions were \$1,637,398 and depreciation was \$4,177,915, for a net decrease of \$2,540,517. 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	
	2013	2012*	2013	2012*	2013	2012*
Land	\$ 5,617,735	\$ 5,617,735	\$ 1,662,582	\$ 1,662,582	\$ 7,280,317	\$ 7,280,317
Buildings and Improvements	14,298,247	14,281,947	119,327,950	118,037,706	133,626,197	132,319,653
Equipment	5,753,902	5,916,568	8,573,235	8,717,257	14,327,137	14,633,825
Infrastructure	29,416,875	29,142,116	-	-	29,416,875	29,142,116
Accumulated Depreciation	(30,635,156)	(29,603,805)	(64,478,971)	(60,789,476)	(95,114,127)	(90,393,281)
Construction in process	94,101	24,409	557,519	554,763	651,620	579,172
<b>Total</b>	<b>\$ 24,545,704</b>	<b>\$ 25,378,970</b>	<b>\$ 65,642,315</b>	<b>\$ 68,182,832</b>	<b>\$ 90,188,019</b>	<b>\$ 93,561,802</b>

\* As restated

Capital asset net additions during 2013 included the following:

*Governmental Activities:*

- Police vehicles - \$124,137
- Road resurfacing - \$274,759
- Cemetery improvements - \$69,692
- Other equipment and improvements - \$139,802
- Disposals - \$(14,601)

**City of Bartow  
Management's Discussion and Analysis  
September 30, 2013**

---

*Business-type Activities:*

- Electric Fund - \$484,468
- Water Fund - \$20,907
- Wastewater Fund - \$402,942
- Airport Fund - \$506,719
- Sanitation Fund - \$7,250
- Information Technology Fund - \$26,525
- Stormwater Fund - \$197,865
- Disposals - \$(9,278)

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 \$44,377,193 compared to \$45,026,652 at the end of 2012. 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 \$35,964,863, a reduction of \$1,972,988 for the year. Of the year-end balance, \$3,860,341 was in governmental activities and \$32,104,522 in business-type activities. There was no new debt issued in 2013 in either governmental or business type activities. Scheduled principal payments were \$387,384 and \$1,639,402 respectively. Other changes for 2013 were \$(9,817) in governmental activities and \$63,615 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 \$8,412,330, an increase of \$1,323,529 for the year. Of the year-end balance, \$5,753,263 was in governmental activities and \$2,659,067 in business-type activities. The increase in the net OPEB obligation amounted to \$1,361,838 of the current year change.

## **ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET AND RATES**

Factors considered in preparing the City's 2013-14 fiscal year budget were:

- The unemployment rate for the Central Florida area as of October 2013 is 7.8% compared to 6.7% state-wide and 7.2% nationally.
- The operating millage rate for the 2013-2014 fiscal year was reduced slightly from \$3.9962 to \$3.9960 per \$1000 of taxable value.
- The taxable value of commercial and residential property increased \$5,483,792, or 1.07% in the 2013 tax year. This is 32.65% below the point at which City property values peaked in 2007.
- The Fire Assessment, enacted in 2009, was set at a level to recover 25% of the cost of fire services. It is scheduled to be re-evaluated this year.
- Water rates will increase 4.12% beginning October 2013. Sewer rates will remain



**City of Bartow**  
**Management's Discussion and Analysis**  
**September 30, 2013**

---

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. Stormwater rates are scheduled to be re-evaluated this year.
- The City continues to rely on attrition to reduce its workforce. Some positions have been permanently abolished and those changes were incorporated into the budget.
- The City's strategic plan is based upon a prioritization of City services. Through annual updates, the strategic plan assists Management and the City Commission with the allocation of resources during the budget process.
- The City's population remained constant at approximately 17,119 in 2013. No material increase or decrease in population is expected for the 2013-2014 fiscal year.

**REQUEST FOR INFORMATION**

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

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and 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, 2013, 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 22%, 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  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
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

Honorable Mayor and 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, 2013, 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.

Honorable Mayor and 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 15, 2014, 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.

*Purvis, Gray and Company, LLP*

April 15, 2014  
Sarasota, Florida

**CITY OF BARTOW, FLORIDA**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
as of **September 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 11,400,067	\$ 17,061,820	\$ 28,461,887
Receivables, current:			
Customer accounts, net	264,675	6,039,733	6,304,408
Intergovernmental and other	537,551	652,649	1,190,200
Notes receivable, net	23,732		23,732
Inventories and prepaids	216,713	1,441,675	1,658,388
Net pension asset	172,819		172,819
Restricted assets:			
Equity in pooled cash and cash equivalents	981,134	7,505,822	8,486,956
Customer receivable	59,221	156,405	215,626
Capital assets:			
Non-depreciable	5,711,836	2,220,101	7,931,937
Depreciable, net	18,833,868	63,422,214	82,256,082
Unamortized bond issue costs	35,716	423,515	459,231
<b>TOTAL ASSETS</b>	<b>38,237,332</b>	<b>98,923,934</b>	<b>137,161,266</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	673,451	2,377,942	3,051,393
Accrued wages	341,137	117,020	458,157
Accrued interest payable	37,544	487,622	525,166
Due to other governments	124,666		124,666
Unearned revenue	6,586	145,213	151,799
Customer deposits		2,218,747	2,218,747
Long-term obligations:			
Due within one year	726,084	817,258	1,543,342
Due in more than one year	8,887,520	33,946,331	42,833,851
<b>TOTAL LIABILITIES</b>	<b>10,796,988</b>	<b>40,110,133</b>	<b>50,907,121</b>
<b>NET POSITION</b>			
Net investment in capital assets	20,721,078	35,888,547	56,609,625
Restricted for:			
General government facilities	457,287		457,287
Community redevelopment	468,139		468,139
Transportation	839,993		839,993
Municipal Airport activities		2,260,857	2,260,857
Debt service	72,290	341,925	414,215
Water and wastewater improvements		2,937,954	2,937,954
Unrestricted	4,881,557	17,384,518	22,266,075
<b>TOTAL NET POSITION</b>	<b>\$ 27,440,344</b>	<b>\$ 58,813,801</b>	<b>\$ 86,254,145</b>

See Accompanying Notes to Financial Statements

**CITY OF BARTOW, FLORIDA**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
for the year ended September 30, 2013

FUNCTIONS/PROGRAMS: PRIMARY GOVERNMENT:	Direct Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>								
General government	\$ 3,868,040	\$ (940,305)	\$ 38,054	\$ 16,960	\$ 96,963	\$ (2,775,758)	\$	\$ (2,775,758)
Law enforcement	5,787,634		110,982	170,076		(5,506,576)		(5,506,576)
Fire control	2,064,646		84,389	520,443		(1,459,814)		(1,459,814)
Building and zoning	457,876		227,761			(230,115)		(230,115)
Public works	1,111,213	(28,116)	700			(1,082,397)		(1,082,397)
Transportation	1,328,609		120,828		88,474	(1,119,307)		(1,119,307)
Library	1,124,845		27,061	502,179		(595,605)		(595,605)
Parks and recreation	4,875,346		1,243,779	123,998	87,632	(3,419,937)		(3,419,937)
Community development	498,285					(498,285)		(498,285)
Interest on long-term debt	174,557					(174,557)		(174,557)
<b>Total governmental activities</b>	<b>21,291,051</b>	<b>(968,421)</b>	<b>1,853,554</b>	<b>1,333,656</b>	<b>273,069</b>	<b>(16,862,351)</b>		<b>(16,862,351)</b>
<b>Business-type activities:</b>								
Electric	25,260,835	355,450	34,963,687				9,347,402	9,347,402
Water	4,098,062	175,990	3,933,728		283,361		(56,963)	(56,963)
Wastewater	3,517,735	154,401	3,737,363		455,328		520,555	520,555
Sanitation	2,511,199	164,400	3,094,419				418,820	418,820
Stormwater	524,270	71,864	599,108				2,974	2,974
Information technology	121,224	46,316	169,919				2,379	2,379
Airport	4,169,902		3,616,093		421,515		(132,294)	(132,294)
<b>Total business-type activities</b>	<b>40,203,227</b>	<b>968,421</b>	<b>50,114,317</b>		<b>1,160,204</b>		<b>10,102,873</b>	<b>10,102,873</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 61,494,278</b>	<b>\$</b>	<b>\$ 51,967,871</b>	<b>\$ 1,333,656</b>	<b>\$ 1,433,273</b>	<b>(16,862,351)</b>	<b>10,102,873</b>	<b>(6,759,478)</b>
<b>GENERAL REVENUES:</b>								
Taxes:								
Property taxes levied for general purposes						1,732,111		1,732,111
Property taxes levied for community redevelopment purposes						673,349		673,349
Public service taxes and franchise fees						2,545,458		2,545,458
Fuel taxes levied for transportation purposes						819,943		819,943
State shared revenue						1,483,931		1,483,931
Investment earnings						24,531	68,611	93,142
Miscellaneous						15,461	402,722	418,183
Transfers						9,856,751	(9,856,751)	
<b>Total general revenues, special items, and transfers</b>						<b>17,151,535</b>	<b>(9,385,418)</b>	<b>7,766,117</b>
Change in net position						289,184	717,455	1,006,639
<b>NET POSITION - beginning of year, as originally reported</b>						<b>26,733,349</b>	<b>57,052,012</b>	<b>83,785,361</b>
Adjustment to beginning net position						417,811	1,044,334	1,462,145
<b>NET POSITION - beginning of year, as restated</b>						<b>27,151,160</b>	<b>58,096,346</b>	<b>85,247,506</b>
<b>NET POSITION - end of year</b>						<b>\$ 27,440,344</b>	<b>\$ 58,813,801</b>	<b>\$ 86,254,145</b>

See Accompanying Notes to Financial Statements

**CITY OF BARTOW, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
as of September 30, 2013

	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Community Redevelopment Agency</b>	<b>Total</b>
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 10,478,950	\$ 453,134	\$ 467,983	\$ 11,400,067
Receivables, net				
Customer accounts, net	264,600	75		264,675
Intergovernmental and other	366,485	171,066		537,551
Notes receivable			23,732	23,732
Inventory and prepaid expenses	214,995	1,718		216,713
Restricted assets:				
Cash and cash equivalents	529,578	451,556		981,134
Customer receivables	25,757	33,464		59,221
<b>TOTAL ASSETS</b>	<b>\$ 11,880,365</b>	<b>\$ 1,111,013</b>	<b>\$ 491,715</b>	<b>\$ 13,483,093</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts payable	\$ 515,678	\$ 134,180	\$ 23,593	\$ 673,451
Accrued payroll	303,884	37,270	(17)	341,137
Accrued claims payable	432,800			432,800
Due to other governments	124,666			124,666
Deferred revenues	78,049	33,464		111,513
<b>TOTAL LIABILITIES</b>	<b>1,455,077</b>	<b>204,914</b>	<b>23,576</b>	<b>1,683,567</b>
Fund balance:				
Non-spendable:				
Inventory	209,497			209,497
Prepays	5,498	1,718		7,216
Notes receivable			23,732	23,732
Restricted for:				
Transportation improvements		451,557		451,557
Transportation activities		388,436		388,436
Debt service	72,290			72,290
Facilities improvements	457,287			457,287
Redevelopment			444,407	444,407
Assigned for:				
Fire services		64,388		64,388
Unassigned	9,680,716			9,680,716
<b>TOTAL FUND BALANCE</b>	<b>10,425,288</b>	<b>906,099</b>	<b>468,139</b>	<b>11,799,526</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 11,880,365</b>	<b>\$ 1,111,013</b>	<b>\$ 491,715</b>	<b>\$ 13,483,093</b>

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, 2013

---

**FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 11,799,526

**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. 24,545,704

Net pension assets resulting from overfunding pension plans are not recorded at fund level 172,819

Revenues not received within the "availability" period are deferred at fund level and recognized in the statement of activities 104,927

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 (9,613,604)

This is the amount of worker's comp liability recorded at the fund level 432,800

Interest payable (37,544)

Unamortized bond costs 35,716

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 27,440,344

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, 2013

	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Community Redevelopment Agency</b>	<b>Total</b>
<b>REVENUES:</b>				
Taxes	\$ 4,274,342	\$ 819,943	\$ 673,349	\$ 5,767,634
Licenses and permits	248,317			248,317
Intergovernmental revenue	1,936,780	229,668		2,166,448
Charges for services	1,485,469	635,573		2,121,042
Fines and forfeitures	104,130	200		104,330
Other	539,982	103,343	5,002	648,327
Total revenues	8,589,020	1,788,727	678,351	11,056,098
<b>EXPENDITURES:</b>				
General government	2,705,865			2,705,865
Public safety	5,570,584	1,874,201		7,444,785
Physical environment	985,409			985,409
Economic environment	109,639		484,514	594,153
Transportation		1,099,771		1,099,771
Culture/recreation	5,176,117			5,176,117
Capital outlay	552,914			552,914
Debt service	313,450		257,981	571,431
Total expenditures	15,413,978	2,973,972	742,495	19,130,445
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(6,824,958)</u>	<u>(1,185,245)</u>	<u>(64,144)</u>	<u>(8,074,347)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (out)	8,594,842	1,261,909		9,856,751
Total other financing sources	8,594,842	1,261,909		9,856,751
<b>NET CHANGE IN FUND BALANCE</b>	1,769,884	76,664	(64,144)	1,782,404
<b>FUND BALANCE, beginning of year</b>	8,655,404	829,435	532,283	10,017,122
<b>FUND BALANCE, end of year</b>	<u>\$ 10,425,288</u>	<u>\$ 906,099</u>	<u>\$ 468,139</u>	<u>\$ 11,799,526</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, 2013

---

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 1,782,404

**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	608,390
This is the amount of depreciation recorded in the current period	(1,427,055)
This is the book value of dispositions recorded in the current period	(14,601)

Change in net pension asset resulting from overfunding pension plans are not reported in the applicable funds	(43,385)
---	----------

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	(152,379)

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 issue costs amortized	(5,195)
This amount represents long-term debt repayments and premium amortization	397,201
This amount represents the change in accrued interest payable	1,910
This amount represents the change in compensated absence liability	73,534
This amount represents the change in OPEB obligation	(995,645)
This amount represents the change in landfill liability	64,005

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 289,184</b>
--	-------------------

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
as of September 30, 2013

	<b>Business Type Activities - Enterprise Funds</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 6,709,785	\$ 4,365,418	\$ 1,294,596	\$ 3,160,485	\$ 1,531,536	\$ 17,061,820
Receivables, net						
Customers	4,703,470	445,344	454,445	49,417	387,057	6,039,733
Intergovernmental and other			542,840	109,809		652,649
Inventory and prepaids	1,157,176	124,153	17,137	108,854	34,355	1,441,675
Total current assets	<u>12,570,431</u>	<u>4,934,915</u>	<u>2,309,018</u>	<u>3,428,565</u>	<u>1,952,948</u>	<u>25,195,877</u>
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and cash equivalents	2,052,517	3,934,758	1,518,547			7,505,822
Customer receivable		90,441	65,964			156,405
Capital assets, net						
Non-depreciable	329,762	402,103	41,969	1,031,303	414,964	2,220,101
Depreciable	10,759,490	16,227,112	18,866,681	14,981,523	2,587,408	63,422,214
Unamortized bond issue costs		279,681	143,834			423,515
Total noncurrent assets	<u>13,141,769</u>	<u>20,934,095</u>	<u>20,636,995</u>	<u>16,012,826</u>	<u>3,002,372</u>	<u>73,728,057</u>
<b>TOTAL ASSETS</b>	<u>25,712,200</u>	<u>25,869,010</u>	<u>22,946,013</u>	<u>19,441,391</u>	<u>4,955,320</u>	<u>98,923,934</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	2,110,669	24,869	25,465	105,467	111,472	2,377,942
Accrued wages	52,601	17,299	13,379	12,579	21,162	117,020
Unearned revenues				145,213		145,213
Bonds and notes payable, current portion	62,156	259,500	391,329		104,273	817,258
Total current liabilities	<u>2,225,426</u>	<u>301,668</u>	<u>430,173</u>	<u>263,259</u>	<u>236,907</u>	<u>3,457,433</u>
Noncurrent liabilities:						
Compensated absences	358,018	128,446	111,306	249,651	60,399	907,820
OPEB obligation	430,695	263,535	331,954	403,537	321,526	1,751,247
Payable from restricted assets:						
Accrued interest payable		458,920	28,702			487,622
Customer deposits	1,967,486			251,261		2,218,747
Bonds and notes payable, noncurrent portion	986,396	22,347,053	7,902,274		51,541	31,287,264
Total noncurrent liabilities	<u>3,742,595</u>	<u>23,197,954</u>	<u>8,374,236</u>	<u>904,449</u>	<u>433,466</u>	<u>36,652,700</u>
<b>TOTAL LIABILITIES</b>	<u>5,968,021</u>	<u>23,499,622</u>	<u>8,804,409</u>	<u>1,167,708</u>	<u>670,373</u>	<u>40,110,133</u>
<b>NET POSITION</b>						
Net investment in capital assets	10,040,700	(3,770,417)	10,758,881	16,012,826	2,846,557	35,888,547
Restricted for:						
Utility system improvements (expendable)		1,444,040	1,493,914			2,937,954
Debt service	85,030	195,000	61,895			341,925
Unrestricted	9,618,449	4,500,765	1,826,914	2,260,857	1,438,390	19,645,375
<b>TOTAL NET POSITION</b>	<u>\$ 19,744,179</u>	<u>\$ 2,369,388</u>	<u>\$ 14,141,604</u>	<u>\$ 18,273,683</u>	<u>\$ 4,284,947</u>	<u>\$ 58,813,801</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, 2013

	<b>Business Type Activities - Enterprise Funds</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 34,963,687	\$ 3,933,728	\$ 3,737,363	\$ 3,616,093	\$ 3,863,446	\$ 50,114,317
Total operating income	34,963,687	3,933,728	3,737,363	3,616,093	3,863,446	50,114,317
<b>OPERATING EXPENSES:</b>						
Personal services	2,324,800	775,636	661,201	975,997	1,105,266	5,842,900
Purchased power	20,088,270					20,088,270
Operating expenses	2,255,824	1,612,217	1,606,725	2,200,815	2,009,886	9,685,467
Depreciation	899,736	814,529	1,152,272	993,090	318,288	4,177,915
Total operating expenses	25,568,630	3,202,382	3,420,198	4,169,902	3,433,440	39,794,552
<b>OPERATING INCOME</b>	9,395,057	731,346	317,165	(553,809)	430,006	10,319,765
<b>NONOPERATING REVENUE (EXPENSE):</b>						
Interest revenue	19,492	35,752	9,615	2,909	843	68,611
Interest expense	(47,655)	(1,071,670)	(251,938)		(5,833)	(1,377,096)
Other, net	269,753	51,982	34,807	12,783	33,397	402,722
Total nonoperating revenues (expenses)	241,590	(983,936)	(207,516)	15,692	28,407	(905,763)
Income (loss) before contributions and transfers	9,636,647	(252,590)	109,649	(538,117)	458,413	9,414,002
<b>CAPITAL CONTRIBUTIONS</b>						
Capital grants and contributions		82,663	310,268	421,515		814,446
Impact fees		200,698	145,060			345,758
Total capital contributions		283,361	455,328	421,515		1,160,204
<b>TRANSFERS IN (OUT)</b>	(9,256,751)	(250,000)	(350,000)			(9,856,751)
Change in net position	379,896	(219,229)	214,977	(116,602)	458,413	717,455
<b>NET POSITION - beginning of year, as originally reported</b>	19,364,283	2,371,846	13,421,519	18,390,285	3,504,079	57,052,012
Adjustment to beginning net position		216,771	505,108		322,455	1,044,334
<b>NET POSITION - beginning of year, as restated</b>	19,364,283	2,588,617	13,926,627	18,390,285	3,826,534	58,096,346
<b>NET POSITION - end of year</b>	\$ 19,744,179	\$ 2,369,388	\$ 14,141,604	\$ 18,273,683	\$ 4,284,947	\$ 58,813,801

See Accompanying Notes to Financial Statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
for the year ended September 30, 2013

	<b>Business Type Activities - Enterprise Funds</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers	\$ 34,343,160	\$ 3,915,576	\$ 3,736,282	\$ 3,660,193	\$ 3,913,369	\$ 49,568,580
Payments to suppliers	(22,200,882)	(1,630,263)	(1,634,803)	(2,193,193)	(2,129,204)	(29,788,345)
Payments for salaries and benefits	(2,167,127)	(699,848)	(599,501)	(917,123)	(1,012,128)	(5,395,727)
Net cash flows from operating activities	9,975,151	1,585,465	1,501,978	549,877	772,037	14,384,508
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Increase (decrease) in customer deposits	275,139			18,116		293,255
Transfers (to) from other funds	(9,256,751)	(250,000)	(350,000)			(9,856,751)
Net cash flows from noncapital financing activities	(8,981,612)	(250,000)	(350,000)	18,116		(9,563,496)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition and construction of capital assets, net of related payables	(484,468)	(20,907)	(402,942)	(553,828)	(224,391)	(1,686,536)
Principal paid on notes, bonds and lease obligations	(97,169)	(251,500)	(1,159,970)		(130,764)	(1,639,403)
Principal received (paid) on interfund advances					(14,800)	(14,800)
Interest paid on borrowings	(47,356)	(969,435)	(220,741)		(5,833)	(1,243,365)
Capital contributions and impact fees received, net of receivables		415,271	255,060	816,478		1,486,809
Net cash flows from capital and related financing activities	(628,993)	(826,571)	(1,528,593)	262,650	(375,788)	(3,097,295)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Other investing income / (loss)	269,753	51,982	34,807	16,383	33,397	406,322
Interest on invested funds	19,492	28,755	4,512	2,909	843	56,511
Net cash flows from investing activities	289,245	80,737	39,319	19,292	34,240	462,833
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	653,791	589,631	(337,296)	849,935	430,489	2,186,550
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	8,108,511	7,710,545	3,150,439	2,310,550	1,101,047	22,381,092
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 8,762,302</u>	<u>\$ 8,300,176</u>	<u>\$ 2,813,143</u>	<u>\$ 3,160,485</u>	<u>\$ 1,531,536</u>	<u>\$ 24,567,642</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income / (loss)	\$ 9,395,057	\$ 731,346	\$ 317,165	\$ (553,809)	\$ 430,006	\$ 10,319,765
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	899,736	814,529	1,152,272	993,090	318,288	4,177,915
(Increase) decrease in inventory and prepaids	112,488	(11,292)	(4,810)	15,409	(34,355)	77,440
(Increase) decrease in accounts receivable	(620,527)	(18,152)	(1,081)	(5,087)	49,923	(594,924)
Increase (decrease) in accounts payable and accrued expenses	30,724	(12,432)	(23,268)	(7,787)	(77,713)	(90,476)
Increase (decrease) in accrued wages and compensated absences	43,978	14,253	7,746	10,337	4,666	80,980
Increase (decrease) in OPEB obligation	113,695	61,535	53,954	48,537	88,472	366,193
Increase (decrease) in unearned revenue and other		5,678		49,187	(7,250)	47,615
Net cash flows from operating activities	<u>\$ 9,975,151</u>	<u>\$ 1,585,465</u>	<u>\$ 1,501,978</u>	<u>\$ 549,877</u>	<u>\$ 772,037</u>	<u>\$ 14,384,508</u>
<b>Noncash financing and investing activities -</b>						
None	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Accompanying Notes to Financial Statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
as of September 30, 2013

---

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Receivables:	
State of Florida	\$ 22,641
Accrued interest and dividends	<u>117,446</u>
Total receivables	<u>140,087</u>
Prepaid expenses	<u>3,875</u>
Investments, at fair market value:	
Short-term money market funds	1,722,732
Fixed income securities	12,454,133
Equity securities	<u>25,664,117</u>
Total investments	<u>39,840,982</u>
<b>Total assets</b>	<u>39,984,944</u>
<b>LIABILITIES</b>	
Prepaid pension contributions	<u>12,539</u>
<b>NET POSITION, restricted for pension benefits</b>	<u><u>\$ 39,972,405</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, 2013

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 2,479,516
Plan members	723,761
State of Florida	222,017
Total contributions	<u>3,425,294</u>
Investment income (loss)	<u>4,282,753</u>
Less investment expenses:	
Investment management fees	135,925
Performance evaluation fees	46,500
Total investment expenses	<u>182,425</u>
Net investment income (loss)	<u>4,100,328</u>
<b>Total additions</b>	<u>7,525,622</u>
<b>DEDUCTIONS</b>	
Administrative expenses:	
Legal	16,099
Actuarial	40,485
Audit	11,400
Custodial fees	19,395
Accounting	8,995
Travel, training and other	25,587
Plan administrator	26,800
Total administrative expenses	<u>148,761</u>
Benefits and termination payments	<u>2,738,043</u>
<b>Total deductions</b>	<u>2,886,804</u>
<b>NET INCREASE (DECREASE)</b>	4,638,818
<b>NET POSITION</b>	
Balance, beginning of year	<u>35,333,587</u>
Balance, end of year	<u>\$ 39,972,405</u>

See Accompanying Notes to Financial Statements



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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). During the year, the City implemented GASBS 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which supersedes GASBS 20. GASBS 20 gave governments the choice to elect to follow only GASB's authoritative literature, or to follow FASB and AICPA pronouncements that did not conflict with GASB pronouncements. Upon adoption of GASB 62, all governmental accounting guidance is codified into the GASB literature. 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, 2013

---

**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 No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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, 2013

---

**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, 2013

---

**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, 2013

---

**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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. 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, 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. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable (i.e. revocable only for failure to comply with prescribed compliance requirements). These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. 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, 2013

---

**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 \$2,146,848 at September 30, 2013. 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, 2013, business-type activities and governmental activities reserves for doubtful accounts totalled \$294,748 and \$215,884, 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. Discount amortization for 2013 totaled \$79. The notes, which have a face value of \$463,681, are reduced by an allowance representing management's estimate of uncollectible amounts which totalled \$439,949 at September 30, 2013 resulting in a carrying value of \$23,732 at September 30, 2013.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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, 2013, interest expense for enterprise activities totaled \$1,377,096, 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 in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the bonds outstanding method. Bond issuance costs are reported as assets, net of amortization. Bond premiums, discounts and refunding losses are reported, net of amortization, in the related debt balances shown in the financial statements. 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. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**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, 2013

---

**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, 2013

---

**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, 2013

---

**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, 2013.

*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, 2013

---

**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, 2013 was 3.9962.

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, 2013

---

**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, 2013, 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, 2013, no budgetary fund had an excess of expenditures over appropriations.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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:

<b>Equity in pooled cash and cash equivalents:</b>	
Cash on hand	\$ 9,025
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	36,364,420
Investments:	
Florida Safe - investment pool	505,227
State Board of Administration Local Government	
Surplus Trust Funds Investment Pool	<u>70,171</u>
Total equity in pooled cash and cash equivalents	<u>\$ 36,948,843</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 44 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, 2013

---

**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 allowable investments and certain other specific criteria related to maximum permitted concentrations, maturities (interest rate risk), and minimum credit quality ratings (credit risk) as set forth below:

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	100.00%	90 days		
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%	
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%			

The City's pension trust funds also held investment securities during the year and at September 30, 2013, 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, 2013

---

**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 5% 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>\$ 1,331,535</u>	0.0
U. S. Government obligations	AA+	\$ 407,031	6.8
U. S. Government agency mortgage-backed securities	AA+	1,391,963	6.9
Commercial mortgage-backed securities	AAA to BBB+	335,991	2.5
Corporate and foreign bonds	AA+ to BBB-	<u>2,714,665</u>	3.9
		<u>\$ 4,849,650</u>	

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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	AA+	<u>\$ 280,264</u>	0.0
U. S. Government obligations	AA+	\$ 441,992	10.9
U. S. Government agency mortgage-backed securities	AA+	1,406,207	7.9
Commercial mortgage-backed securities	AAA to BBB-	296,497	2.5
Corporate obligations	AA+ to BBB-	2,188,253	6.8
Fixed income mutual funds	Not rated	<u>625,367</u>	2.6
		<u><u>\$ 4,958,316</u></u>	

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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: annuity or life insurance contracts, interest-bearing time deposits and savings accounts in federally-insured depositories, direct or guaranteed obligations of the United States and the State of Israel; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation, except that up to 25% may be invested in foreign securities. No more than 65% of the Plans assets 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	AA+	<u>\$ 110,933</u>	0.0
Vanguard Inflation Protection bond fund	Not rated	\$ 328,543	8.6
Dodge & Cox Income Fund	Not rated	<u>2,317,624</u>	7.6
		<u>\$ 2,646,167</u>	

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Transfers	Additions	Deletions	Balance September 30, 2013
<b><u>Governmental Activities:</u></b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 4,029,522	\$	\$	\$	\$ 4,029,522
Infrastructure land	1,588,213				1,588,213
Construction in progress	24,409		69,692		94,101
Total	<u>\$ 5,642,144</u>	<u>\$</u>	<u>\$ 69,692</u>	<u>\$</u>	<u>\$ 5,711,836</u>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	\$ 14,281,947	\$	\$ 56,450	\$ (40,150)	\$ 14,298,247
Equipment	5,916,568	138,425	207,489	(508,580)	5,753,902
Infrastructure:					
Road network	25,738,262		274,759		26,013,021
Sidewalk network	3,403,854				3,403,854
Total	<u>49,340,631</u>	<u>138,425</u>	<u>538,698</u>	<u>(548,730)</u>	<u>49,469,024</u>
Total all capital assets	<u>54,982,775</u>	<u>138,425</u>	<u>608,390</u>	<u>(548,730)</u>	<u>55,180,860</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,068,854)		(580,034)	26,329	(6,622,559)
Equipment	(4,585,387)	(138,425)	(468,653)	507,800	(4,684,665)
Infrastructure:					
Road network	(16,715,703)		(346,175)		(17,061,878)
Sidewalk network	(2,233,861)		(32,193)		(2,266,054)
Total accumulated depreciation	<u>(29,603,805)</u>	<u>(138,425)</u>	<u>(1,427,055)</u>	<u>534,129</u>	<u>(30,635,156)</u>
Depreciable capital assets, net	<u>19,736,826</u>		<u>(888,357)</u>	<u>(14,601)</u>	<u>18,833,868</u>
Governmental activities capital assets, net	<u>\$ 25,378,970</u>	<u>\$</u>	<u>\$ (818,665)</u>	<u>\$ (14,601)</u>	<u>\$ 24,545,704</u>
<b><u>Business-type activities:</u></b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,662,582	\$	\$	\$	\$ 1,662,582
Construction in process	554,763	(996,559)	999,315		557,519
Total	<u>\$ 2,217,345</u>	<u>\$ (996,559)</u>	<u>\$ 999,315</u>	<u>\$</u>	<u>\$ 2,220,101</u>
<b>Capital assets being depreciated:</b>					
Buildings, utility plant and improvements	\$ 118,037,706	\$ 996,559	\$ 293,685	\$	\$ 119,327,950
Equipment	8,717,257	(8,820)	353,676	(488,878)	8,573,235
Total	<u>126,754,963</u>	<u>987,739</u>	<u>647,361</u>	<u>(488,878)</u>	<u>127,901,185</u>
Total all capital assets	<u>128,972,308</u>	<u>(8,820)</u>	<u>1,646,676</u>	<u>(488,878)</u>	<u>130,121,286</u>
Less accumulated depreciation	<u>(60,789,476)</u>	<u>8,820</u>	<u>(4,177,915)</u>	<u>479,600</u>	<u>(64,478,971)</u>
Depreciable capital assets, net	<u>65,965,487</u>	<u>996,559</u>	<u>(3,530,554)</u>	<u>(9,278)</u>	<u>63,422,214</u>
Business-type activities capital assets, net	<u>\$ 68,182,832</u>	<u>\$</u>	<u>\$ (2,531,239)</u>	<u>\$ (9,278)</u>	<u>\$ 65,642,315</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**NOTE 6 - CAPITAL ASSETS** (cont...)

Depreciation expense was charged to the following functions and programs:

Governmental Activities:

General government	\$ 59,036
Library	53,086
Law enforcement	303,324
Fire control	72,140
Building and zoning	2,547
Public works	10,776
Transportation	533,306
Parks and recreation	355,658
Community redevelopment	<u>37,182</u>
Total depreciation expense - governmental activities	<u>\$ 1,427,055</u>

Business-type Activities:

Electric	\$ 899,736
Water	814,529
Wastewater	1,152,272
Airport	993,090
Sanitation	175,756
Information Technology	64,263
Stormwater	<u>78,269</u>
Total depreciation expense - business-type activities	<u>\$ 4,177,915</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended [September 30, 2013](#):

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due within One Year
<b><u>Governmental Activities</u></b>					
<b>Long-term debt:</b>					
FMLC revenue bonds, Series 2005A	\$ 2,471,000	\$	\$ (143,500)	\$ 2,327,500	\$ 150,500
FMLC revenue bonds, Series 2005D	944,035		(52,844)	891,191	52,943
Installment notes payable	766,169		(191,040)	575,129	522,641
Less premiums (discounts), net	76,338		(9,817)	66,521	
Total long-term debt	4,257,542		(397,201)	3,860,341	726,084
<b>Other liabilities:</b>					
Estimated workers compensation claims	394,497	38,303		432,800	
Other post employment benefits obligation	2,876,946	995,645		3,872,591	
Compensated absences	1,521,406		(73,534)	1,447,872	
Landfill post-closure costs	64,005		(64,005)		
Total other liabilities	4,856,854	1,033,948	(137,539)	5,753,263	
Total long-term obligations	<u>\$ 9,114,396</u>	<u>\$ 1,033,948</u>	<u>\$ (534,740)</u>	9,613,604	<u>\$ 726,084</u>
Less amount due in one year				(726,084)	
Total non-current obligations due in more than one year				<u>\$ 8,887,520</u>	
<b><u>Business-type Activities</u></b>					
<b>Long-term debt:</b>					
Revenue bonds and certificates:					
Water and Sewer, Series 1998	\$ 776,072	\$	\$ (776,072)	\$	\$
Water and Sewer, Series 2006	22,570,000		(190,000)	22,380,000	195,000
SRF Construction Loan (No. WW 755040)	7,033,326		(302,494)	6,730,832	308,204
SRF Preconstruction Loan (No. WW 75504P)	1,644,176		(81,404)	1,562,772	83,125
FMLC revenue bonds, Series 2005A	1,059,000		(61,500)	997,500	64,500
FMLC revenue bonds, Series 2005D	1,110,708		(62,156)	1,048,552	62,156
Installment notes payable	321,589		(165,776)	155,813	104,273
Less premiums (discounts), net	(834,562)		63,615	(770,947)	
Total long-term debt	33,680,309		(1,575,787)	32,104,522	817,258
<b>Other liabilities:</b>					
Other post employment benefits obligation	1,385,054	366,193		1,751,247	
Compensated absences	846,893	60,927		907,820	
Total other liabilities	2,231,947	427,120		2,659,067	
Total long-term obligations	<u>\$ 35,912,256</u>	<u>\$ 427,120</u>	<u>\$ (1,575,787)</u>	34,763,589	<u>\$ 817,258</u>
Less amount due in one year				(817,258)	
Total non-current obligations due in more than one year				<u>\$ 33,946,331</u>	

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

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

**Notes to Long-Term Obligations Table**

**Governmental Activities:**

- The Florida Municipal Loan Council Revenue Bond, Series 2005A was issued January 15, 2005, and is secured by all non-advalorem revenues of the City. The bond bears interest at 4.00% payable semi-annually on August 1 and February 1 commencing August 1, 2005, with principal payments annually on February 1 and a final maturity on February 1, 2025. Proceeds of this debt were used to fund capital asset acquisitions in the general fund and the water fund and the liability has been split among the participating funds. The governmental activities portion of the note was used to fund street improvements and is being repaid by the CRA.
- The Florida Municipal Loan Council Revenue Bond, Series 2005D was issued September 1, 2005, and is secured by all non-advalorem revenues of the City on a parity with the Series 2005A loan. The bond bears interest at 4.06% payable semi-annually on April 1 and October 1 commencing April 1, 2006, with principal payments annually on October 1 and a final maturity on October 1, 2025. Proceeds of this debt were used to fund capital asset acquisitions in the general fund and the water fund and the liability has been split among the participating funds. The governmental activities portion of the bond was used to fund the construction of a gymnasium.
- 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, 2013

---

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

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

**Governmental Activities** (cont...):

- Landfill Post-Closure Costs - The City owns a closed (non-operating) landfill for which the City is required to monitor for a period of years following closure under the supervision of the Florida Department of Environmental Protection. The remaining costs of monitoring are insignificant and are no longer being reported as a long-term liability of governmental activities in the government-wide financial statements. Any future costs will be funded from current general fund resources as the costs are incurred.

**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.
- The Florida Municipal Loan Council Revenue Bond, Series 2005A was issued January 15, 2005, and is secured by all non-advalorem revenues of the City. The bond bears interest at 4.00% payable semi-annually on August 1 and February 1 commencing August 1, 2005, with principal payments annually on February 1 and a final maturity on February 1, 2025. The business-type activities portion of the bond was issued to fund water system improvements.



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

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

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

**Business-Type Activities:** (cont...)

- The Florida Municipal Loan Council Revenue Bond, Series 2005D was issued September 1, 2005, and is secured by all non-advalorem revenues of the City on a parity with the Series 2005A loan. The bonds bear interest at 4.06% payable semi-annually on April 1 and October 1 commencing April 1, 2006, with principal payments annually on October 1 and a final maturity on October 1, 2025. The business-type activities portion of the bond was used to fund the construction of a new electric administration facility.
- 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, 2013

**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, 2013, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 726,084	\$ 168,484	\$ 817,258	\$ 1,186,000
2015	261,681	137,170	1,597,282	1,146,657
2016	221,993	128,531	1,601,733	1,090,938
2017	231,292	119,657	1,661,420	1,033,381
2018	237,092	109,457	1,714,804	973,208
2019 - 2023	1,299,166	337,557	9,549,413	3,874,688
2024 - 2028	816,512	68,278	10,890,359	1,967,229
2029 - 2033			5,043,200	208,329
Unamortized bond premium (discount)	66,521		(770,947)	
Total	<u>\$ 3,860,341</u>	<u>\$ 1,069,134</u>	<u>\$ 32,104,522</u>	<u>\$ 11,480,430</u>

**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	\$ 41,482,402	\$ 2,491,435	\$ 3,147,468	126.33%

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**NOTE 8 - INTERFUND TRANSACTIONS**

There were no interfund receivables and payables as of September 30, 2013.

Interfund transfers in (out) for the year ending September 30, 2013, consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 9,256,751
General fund	Water Fund	250,000
General fund	Wastewater fund	350,000
Fire Services Fund	General Fund	<u>1,261,909</u>
Fund-level interfund transfers		11,118,660
Eliminated in combining governmental activities		<u>(1,261,909)</u>
Combined government-wide total		<u><u>\$ 9,856,751</u></u>

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, 2013

---

**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	17.4%	50.5%	50.4%
Plan members	4.00%	4.00%	2.00%
Annual pension cost	\$1,326,378	\$892,932	\$479,092
Contributions made	\$1,312,348	\$889,667	\$478,042

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, 2011	October 1, 2011	October 1, 2011
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	26 years	30 years	27 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, 2013

**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)
<b>General Employees' Plan</b>					
	2013	\$ 1,326,378	\$ 1,312,348	\$ 99%	\$ (74,037)
	2012	\$ 1,084,609	\$ 1,130,735	\$ 104%	\$ (88,067)
	2011	\$ 1,010,189	\$ 1,031,317	\$ 102%	\$ (41,941)
<b>Police Officers' Plan</b>					
	2013	\$ 892,932	\$ 889,667	\$ 100%	\$ (53,054)
	2012	\$ 676,326	\$ 672,859	\$ 99%	\$ (56,319)
	2011	\$ 428,311	\$ 419,103	\$ 98%	\$ (59,786)
<b>Firefighters' Plan</b>					
	2013	\$ 479,092	\$ 478,042	\$ 100%	\$ (45,728)
	2012	\$ 422,358	\$ 420,955	\$ 100%	\$ (46,778)
	2011	\$ 311,910	\$ 310,759	\$ 100%	\$ (48,181)

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)
<b>General Employees' Retirement Plan</b>						
10/01/2011	\$ 12,490,930	\$ 22,778,863	\$ 10,287,933	54.84%	\$ 7,934,051	129.67%
<b>Police Officers' Retirement Trust Fund</b>						
10/01/2011	\$ 11,328,641	\$ 15,863,383	\$ 4,534,742	71.41%	\$ 1,729,395	262.22%
<b>Firefighters' Retirement Trust Fund</b>						
10/01/2011	\$ 5,811,918	\$ 6,711,989	\$ 900,071	86.59%	\$ 1,016,923	88.51%

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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 fiscal year 12-13, the cap was \$405.96/mo. and for fiscal year 13-14, the cap was increased to \$420.17/mo. 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, 2013, the City's contribution totaled \$268,259, approximately 3% of actual payroll.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**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, 2013:

Annual required contribution	\$ 1,684,580
Interest on net OPEB obligation	170,480
Adjustment to required contribution	<u>(224,963)</u>
Annual OPEB cost	1,630,097
Contributions made	<u>(268,259)</u>
Change in net OPEB obligation for the year	1,361,838
Net OPEB obligation, beginning of year	<u>4,262,000</u>
Net OPEB obligation, end of year	<u><u>\$ 5,623,838</u></u>

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

<u>Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,630,097	\$ 268,259	\$ 16%	\$ 5,623,838
2012	\$ 1,648,000	\$ 255,000	\$ 15%	\$ 4,262,000
2011	\$ 1,603,000	\$ 255,000	\$ 16%	\$ 2,876,000

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

**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, 2013

---

**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, 2013 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, 2013

---

**NOTE 12 - RISK MANAGEMENT** (cont...)

Changes in aggregate workers' compensation liabilities for the years ended September 30, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Claims liability balance, October 1	\$ 394,497	\$ 387,183
Claims and changes in estimates	310,032	98,656
Claims payments	<u>(271,729)</u>	<u>(91,342)</u>
Claims liability balance, September 30	<u>\$ 432,800</u>	<u>\$ 394,497</u>
Cash set aside to pay claims at September 30	<u>\$ 902,581</u>	<u>\$ 902,038</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, 2013.

**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.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013

---

**NOTE 14 - ADJUSTMENT OF OPENING NET POSITION**

A developer contributed various infrastructure to the City in 2012 for which the City has a future maintenance responsibility. These assets were inadvertently omitted from the September 30, 2012 reported amounts and were recorded in 2013 as an adjustment to the opening net position as follows:

<b>Fund/Activity</b>	<b>Amount</b>
Water Fund	\$ 216,771
Wastewater Fund	505,108
Stormwater Fund	322,455
Total business-type activities	1,044,334
Governmental activities	417,811
<b>Total all activities</b>	<b>\$ 1,462,145</b>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
for the year ended September 30, 2013

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Taxes	\$ 4,732,576	\$ 4,243,203	\$ 4,274,342	\$ 31,139
Licenses and permits	178,656	249,526	248,317	(1,209)
Intergovernmental revenue	2,144,880	1,900,498	1,936,780	36,282
Charges for services	1,517,894	1,503,771	1,485,469	(18,302)
Fines and forfeitures	141,369	74,369	104,130	29,761
Other	364,763	543,313	539,982	(3,331)
Total revenues	9,080,138	8,514,680	8,589,020	74,340
<b>EXPENDITURES:</b>				
General government:				
Commission	2,061,326	1,435,667	1,372,341	63,326
City Manager	503,439	394,449	359,319	35,130
City Clerk	218,446	183,973	173,060	10,913
Finance	263,215	189,519	174,236	15,283
Personnel	156,731	188,731	162,738	25,993
Purchasing	47,093	51,794	45,869	5,925
Internal Audit	71,611	71,307		71,307
Grant Management	76,143	76,443	75,069	1,374
Planning	129,273	127,073	124,044	3,029
Fleet maintenance	270,682	432,407	219,190	213,217
Public safety:				
Police	5,570,766	5,557,249	5,532,053	25,196
Building	409,644	418,644	415,894	2,750
Physical environment:				
Public Works	1,384,529	1,122,940	1,064,083	58,857
Economic environment:				
Community Development	196,683	112,683	109,639	3,044
Culture/Recreation:				
Library	567,650	483,175	476,446	6,729
Library Coop - County	180,000	180,000	163,498	16,502
Library Coop - State Aid	538,483	362,133	354,072	8,061
Parks and Recreation	3,069,001	3,115,931	3,074,874	41,057
Golf Course	1,557,140	1,018,017	988,568	29,449
Golf Course - restaurant		577,191	528,985	48,206
Total expenditures	17,271,855	16,099,326	15,413,978	685,348
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(8,191,717)	(7,584,646)	(6,824,958)	759,688
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,302,313)	(1,302,313)	(1,261,909)	40,404
Transfers in	9,916,751	9,856,751	9,856,751	
Total other financing sources	8,614,438	8,554,438	8,594,842	40,404
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 422,721</u>	<u>\$ 969,792</u>	<u>\$ 1,769,884</u>	<u>\$ 800,092</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - COMMUNITY REDEVELOPMENT AGENCY**  
for the year ended September 30, 2013

---

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes	\$ 656,827	\$ 656,827	\$ 673,349	\$ 16,522
Other	<u>2,600</u>	<u>2,600</u>	<u>5,002</u>	<u>2,402</u>
Total revenues	<u>659,427</u>	<u>659,427</u>	<u>678,351</u>	<u>18,924</u>
<b>EXPENDITURES:</b>				
Economic environment	555,372	615,720	484,514	131,206
Debt service	<u>260,000</u>	<u>260,000</u>	<u>257,981</u>	<u>2,019</u>
Total expenditures	<u>815,372</u>	<u>875,720</u>	<u>742,495</u>	<u>133,225</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(155,945)</u>	<u>(216,293)</u>	<u>(64,144)</u>	<u>152,149</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan repayments	<u>45,000</u>	<u>45,000</u>		<u>(45,000)</u>
Total other financing sources	<u>45,000</u>	<u>45,000</u>		<u>(45,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (110,945)</u>	<u>\$ (171,293)</u>	<u>\$ (64,144)</u>	<u>\$ 107,149</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**
**SCHEDULES OF FUNDING PROGRESS - GENERAL, POLICE, FIRE AND OPEB PLANS**

September 30, 2013

**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)
10/01/2011	\$ 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%
10/01/2006	\$ 7,902,927	\$ 9,659,378	\$ 1,756,451	81.82%	\$ 8,466,490	20.75%

**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)
10/01/2011	\$ 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%
10/01/2006	\$ 11,110,885	\$ 11,203,896	\$ 93,011	99.17%	\$ 2,094,293	4.44%

**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)
10/01/2011	\$ 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%
10/01/2006	\$ 4,987,138	\$ 5,280,977	\$ 293,839	94.44%	\$ 912,068	32.22%

**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, 2013

	<b>Transportation Fund</b>	<b>Fire Services Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 344,302	\$ 108,832	\$ 453,134
Receivables, net			
Customer accounts, net		75	75
Intergovernmental and other	151,245	19,821	171,066
Inventory and prepaid expenses		1,718	1,718
Restricted assets:			
Cash and cash equivalents	451,556		451,556
Customer receivables	33,464		33,464
<b>TOTAL ASSETS</b>	<u>\$ 980,567</u>	<u>\$ 130,446</u>	<u>\$ 1,111,013</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts payable	\$ 103,479	\$ 30,701	\$ 134,180
Accrued payroll	3,631	33,639	37,270
Deferred revenues	33,464		33,464
<b>TOTAL LIABILITIES</b>	<u>140,574</u>	<u>64,340</u>	<u>204,914</u>
Fund balance:			
Non-spendable - prepaid expenses		1,718	1,718
Restricted for:			
Transportation capital improvements	451,557		451,557
Transportation activities	388,436		388,436
Assigned		64,388	64,388
<b>TOTAL FUND BALANCE</b>	<u>839,993</u>	<u>66,106</u>	<u>906,099</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 980,567</u>	<u>\$ 130,446</u>	<u>\$ 1,111,013</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, 2013

	<b>Transportation Fund</b>	<b>Fire Services Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Taxes	\$ 819,943	\$	\$ 819,943
Intergovernmental revenue	150,384	79,284	229,668
Charges for services	116,930	518,643	635,573
Fines and forfeitures		200	200
Other	89,178	14,165	103,343
Total revenues	<u>1,176,435</u>	<u>612,292</u>	<u>1,788,727</u>
<b>EXPENDITURES:</b>			
Public safety		1,874,201	1,874,201
Transportation	1,099,771		1,099,771
Total expenditures	<u>1,099,771</u>	<u>1,874,201</u>	<u>2,973,972</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>76,664</u>	<u>(1,261,909)</u>	<u>(1,185,245)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out)		1,261,909	1,261,909
Total other financing sources	<u>-</u>	<u>1,261,909</u>	<u>1,261,909</u>
<b>NET CHANGE IN FUND BALANCE</b>	76,664	-	76,664
<b>FUND BALANCE, beginning of year</b>	<u>763,329</u>	<u>66,106</u>	<u>829,435</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 839,993</u>	<u>\$ 66,106</u>	<u>\$ 906,099</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA****BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND**

for the year ended September 30, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes	\$ 851,185	\$ 851,185	\$ 819,943	\$ (31,242)
Intergovernmental revenue	148,983	148,983	150,384	1,401
Charges for services	118,802	118,802	116,930	(1,872)
Other	350	350	89,178	88,828
Total revenues	<u>1,119,320</u>	<u>1,119,320</u>	<u>1,176,435</u>	<u>57,115</u>
<b>EXPENDITURES:</b>				
Transportation	<u>1,119,320</u>	<u>1,163,568</u>	<u>1,099,771</u>	<u>(63,797)</u>
Total expenditures	<u>1,119,320</u>	<u>1,163,568</u>	<u>1,099,771</u>	<u>(63,797)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$</u>	<u>\$ (44,248)</u>	<u>\$ 76,664</u>	<u>\$ 120,912</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - FIRE SERVICES FUND**  
for the year ended September 30, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Intergovernmental revenue	\$ 79,284	\$ 79,284	\$ 79,284	\$
Charges for services	460,532	503,033	518,643	15,610
Fines and forfeitures			200	200
Other			14,165	14,165
Total revenues	<u>539,816</u>	<u>582,317</u>	<u>612,292</u>	<u>29,975</u>
<b>EXPENDITURES:</b>				
Public safety	<u>1,842,129</u>	<u>1,884,630</u>	<u>1,874,201</u>	<u>10,429</u>
Total expenditures	<u>1,842,129</u>	<u>1,884,630</u>	<u>1,874,201</u>	<u>10,429</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,302,313)</u>	<u>(1,302,313)</u>	<u>(1,261,909)</u>	<u>40,404</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>1,302,313</u>	<u>1,302,313</u>	<u>1,261,909</u>	<u>(40,404)</u>
Total other financing sources	<u>1,302,313</u>	<u>1,302,313</u>	<u>1,261,909</u>	<u>(40,404)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<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, 2013

	<b>Business Type Activities - Non-Major Enterprise Funds</b>			
	<b>Sanitation Fund</b>	<b>Information Technology Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 512,870	\$ 174,691	\$ 843,975	\$ 1,531,536
Receivables, net				
Customers	385,310	1,747		387,057
Inventory and prepaids		34,355		34,355
Total current assets	898,180	210,793	843,975	1,952,948
Noncurrent assets:				
Capital assets, net				
Non-depreciable	137,034		277,930	414,964
Depreciable	656,080	661,565	1,269,763	2,587,408
Total noncurrent assets	793,114	661,565	1,547,693	3,002,372
<b>TOTAL ASSETS</b>	<b>1,691,294</b>	<b>872,358</b>	<b>2,391,668</b>	<b>4,955,320</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	95,034	12,931	3,507	111,472
Accrued wages	16,963		4,199	21,162
Bonds and notes payable, current portion	104,273			104,273
Total current liabilities	216,270	12,931	7,706	236,907
Noncurrent liabilities:				
Compensated absences	57,042		3,357	60,399
OPEB obligation	256,318	5,204	60,004	321,526
Bonds and notes payable, noncurrent portion	51,541			51,541
Total noncurrent liabilities	364,901	5,204	63,361	433,466
<b>TOTAL LIABILITIES</b>	<b>581,171</b>	<b>18,135</b>	<b>71,067</b>	<b>670,373</b>
<b>NET POSITION</b>				
Net investment in capital assets	637,299	661,565	1,547,693	2,846,557
Unrestricted	472,824	192,658	772,908	1,438,390
<b>TOTAL NET POSITION</b>	<b>\$ 1,110,123</b>	<b>\$ 854,223</b>	<b>\$ 2,320,601</b>	<b>\$ 4,284,947</b>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION - NON-MAJOR ENTERPRISE FUNDS**  
for the year ended September 30, 2013

	<b>Business Type Activities - Non-Major Enterprise Funds</b>			
	<b>Sanitation Fund</b>	<b>Information Technology Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,094,419	\$ 169,919	\$ 599,108	\$ 3,863,446
Total operating income	3,094,419	169,919	599,108	3,863,446
<b>OPERATING EXPENSES:</b>				
Personal services	900,605		204,661	1,105,266
Operating expenses	1,593,852	103,277	312,757	2,009,886
Depreciation	175,756	64,263	78,269	318,288
Total operating expenses	2,670,213	167,540	595,687	3,433,440
<b>OPERATING INCOME (LOSS)</b>	424,206	2,379	3,421	430,006
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Interest revenue	656	28	159	843
Interest expense	(5,386)		(447)	(5,833)
Other, net	33,397			33,397
Total nonoperating revenues (expenses)	28,667	28	(288)	28,407
Income (loss) before contributions and transfers	452,873	2,407	3,133	458,413
Change in net position	452,873	2,407	3,133	458,413
<b>NET POSITION - beginning of year, as originally reported</b>	657,250	851,816	1,995,013	3,504,079
Adjustment to beginning net position			322,455	322,455
<b>NET POSITION - beginning of year, as restated</b>	657,250	851,816	2,317,468	3,826,534
<b>TOTAL NET POSITION - end of year</b>	<u>\$ 1,110,123</u>	<u>\$ 854,223</u>	<u>\$ 2,320,601</u>	<u>\$ 4,284,947</u>

See Auditors' Report

# CITY OF BARTOW, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS - NON MAJOR ENTERPRISE FUNDS for the year ended September 30, 2013

	Business Type Activities - Non-Major Enterprise Funds			
	Sanitation Fund	Information Technology Fund	Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,070,787	\$ 169,547	\$ 673,035	\$ 3,913,369
Payments to suppliers	(1,670,136)	(131,547)	(327,521)	(2,129,204)
Payments for salaries and benefits	(825,699)		(186,429)	(1,012,128)
Net cash flows from operating activities	574,952	38,000	159,085	772,037
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets, net of related payables		(26,525)	(197,866)	(224,391)
Principal paid on notes, bonds and lease obligations	(101,490)		(29,274)	(130,764)
Principal received (paid) on interfund advances	(14,800)			(14,800)
Interest paid on borrowings	(5,386)		(447)	(5,833)
Net cash flows from capital and related financing activities	(121,676)	(26,525)	(227,587)	(375,788)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Other investing income / (loss)	33,397			33,397
Interest on invested funds and other	656	28	159	843
Net cash flows from investing activities	34,053	28	159	34,240
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	487,329	11,503	(68,343)	430,489
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	25,541	163,188	912,318	1,101,047
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 512,870</u>	<u>\$ 174,691</u>	<u>\$ 843,975</u>	<u>\$ 1,531,536</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income / (loss)	\$ 424,206	\$ 2,379	\$ 3,421	\$ 430,006
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	175,756	64,263	78,269	318,288
(Increase) decrease in accounts receivable	(23,632)	(372)	73,927	49,923
(Increase) decrease in inventory and prepaids		(34,355)		(34,355)
Increase (decrease) in accounts payable and accrued expenses	(69,034)	6,085	(14,764)	(77,713)
Increase (decrease) in accrued wages and compensated absences	4,588		78	4,666
Other, net	(7,250)			(7,250)
Increase (decrease) in OPEB obligation	70,318		18,154	88,472
Net cash flows from operating activities	<u>\$ 574,952</u>	<u>\$ 38,000</u>	<u>\$ 159,085</u>	<u>\$ 772,037</u>
<b>Noncash financing and investing activities -</b>				
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, 2013

	<b>Pension Trust Funds</b>			
	<b>General Employees</b>	<b>Fire Pension</b>	<b>Police Pension</b>	<b>Total</b>
<b>ASSETS</b>				
Receivables:				
State of Florida	\$	\$ 22,641	\$	\$ 22,641
Accrued income	53,909	20,158	43,379	117,446
Total receivables	53,909	42,799	43,379	140,087
Prepaid expenses	3,875			3,875
Investments, at fair market value:				
Short-term money market funds	1,331,535	110,933	280,264	1,722,732
Fixed income securities	4,849,650	2,646,167	4,958,316	12,454,133
Equity securities	12,585,718	4,322,358	8,756,041	25,664,117
Total investments	18,766,903	7,079,458	13,994,621	39,840,982
<b>Total assets</b>	18,824,687	7,122,257	14,038,000	39,984,944
<b>LIABILITIES</b>				
Prepaid pension contributions		11,356	1,183	12,539
<b>NET POSITION, restricted for pension benefits</b>	<u>\$ 18,824,687</u>	<u>\$ 7,110,901</u>	<u>\$ 14,036,817</u>	<u>\$ 39,972,405</u>

See Auditors' Report



**CITY OF BARTOW, FLORIDA****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS**  
for the year ended September 30, 2013

	<b>Pension Trust Funds</b>			
	<b>General Employees</b>	<b>Fire Pension</b>	<b>Police Pension</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
City	\$ 1,312,348	\$ 391,933	\$ 775,235	\$ 2,479,516
Plan members	615,483	18,971	89,307	723,761
State of Florida		107,589	114,428	222,017
Total contributions	<u>1,927,831</u>	<u>518,493</u>	<u>978,970</u>	<u>3,425,294</u>
Investment income (loss)	<u>2,181,462</u>	<u>600,109</u>	<u>1,501,182</u>	<u>4,282,753</u>
Less investment expenses:				
Investment management fees	73,703	31,265	30,957	135,925
Performance evaluation fees	15,500	15,500	15,500	46,500
Total investment expenses	<u>89,203</u>	<u>46,765</u>	<u>46,457</u>	<u>182,425</u>
Net investment income (loss)	<u>2,092,259</u>	<u>553,344</u>	<u>1,454,725</u>	<u>4,100,328</u>
<b>Total additions</b>	<u>4,020,090</u>	<u>1,071,837</u>	<u>2,433,695</u>	<u>7,525,622</u>
<b>DEDUCTIONS</b>				
Administrative expenses:				
Legal	5,416	5,748	4,935	16,099
Actuarial	14,013	14,469	12,003	40,485
Audit	5,400	3,000	3,000	11,400
Custodial fees	9,270	3,750	6,375	19,395
Accounting	1,795	3,600	3,600	8,995
Travel, training and other		14,588	10,999	25,587
Plan administrator		9,000	17,800	26,800
Total administrative expenses	<u>35,894</u>	<u>54,155</u>	<u>58,712</u>	<u>148,761</u>
Benefits and termination payments	<u>842,713</u>	<u>394,629</u>	<u>1,500,701</u>	<u>2,738,043</u>
<b>Total deductions</b>	<u>878,607</u>	<u>448,784</u>	<u>1,559,413</u>	<u>2,886,804</u>
<b>NET INCREASE (DECREASE)</b>	<u>3,141,483</u>	<u>623,053</u>	<u>874,282</u>	<u>4,638,818</u>
<b>NET POSITION</b>				
Balance, beginning of year	<u>15,683,204</u>	<u>6,487,848</u>	<u>13,162,535</u>	<u>35,333,587</u>
Balance, end of year	<u>\$ 18,824,687</u>	<u>\$ 7,110,901</u>	<u>\$ 14,036,817</u>	<u>\$ 39,972,405</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***

Honorable Mayor and 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, 2013, 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 15, 2014. 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Certified Public Accountants**

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
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

Honorable Mayor and 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Purvis, Gray and Company, LLP*

April 15, 2014  
Sarasota, Florida

## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

## MANAGEMENT LETTER

Honorable Mayor and City Commission  
City of Bartow  
Bartow, Florida

We have audited the financial statements of the City of Bartow, Florida (the City), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated April 15, 2014. Our report referred to the reports of other auditors of the firefighters' and police officers' pension plans.

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. 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*. Disclosures in that report, which is also dated April 15, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- 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.
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., *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.

### Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
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

Honorable Mayor and City Commission  
City of Bartow  
Bartow, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City has disclosed this information in Note 1.A to the financial statements.
- Section 10.554(1)(i)6.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity 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.
- Section 10.554(1)(i)6.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), *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. There were no findings of deteriorating financial condition, which were required to be reported.

Our management letter is intended solely for the information and use of the Honorable Mayor and City Commissioners, management of the City, the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and federal and state awarding agencies and pass-through entities, 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 15, 2014  
Sarasota, Florida