

CITY OF CLEWISTON, FLORIDA

Annual Financial Report

September 30, 2014

**CITY OF CLEWISTON, FLORIDA**  
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**September 30, 2014**

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Honorable Mayor and City Commissioners  
City of Clewiston, 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 Clewiston, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

### **Opinions**

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

### **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12 and the Employees' Pension Plan Schedules on pages 69-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clewiston, Florida's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2015, on our consideration of the City of Clewiston, Florida'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 of Clewiston, Florida's internal control over financial reporting and compliance.

Boy, Miller, Kisker & Perry, P.A.

Clewiston, Florida  
June 12, 2015

**CITY OF CLEWISTON, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Clewiston's (the City) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues of concern.

Since the Management's Discussion and Analysis (MD&A) 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 (beginning on page 13).

**HIGHLIGHTS**

**Financial Highlights for the Fiscal Year Ended September 30, 2014 and Subsequent Financial Information are shown below.**

1. The City's overall net position decreased by \$1,655,199.
2. The total cost of all the City's programs was \$24,008,102 which was \$1,035,903 more than the prior year.
3. The City's governmental activities decreased net position by \$1,098,143 as a result of program and general revenues under expenses of \$2,554,125 plus internal transfers-in of \$1,455,982.
4. During the year, the City had expenses of \$8,571,718 for governmental activities, which was \$477,298 more than the prior year.
5. The City's business-type activities decreased net position by \$557,056 as a result of program and general revenues in excess of expenses of \$898,926 minus internal transfers-out of \$1,455,982.
6. During the fiscal year ended September 30, 2014, the Police Department received Justice Assistance Grants in the amount of \$31,492. The grants mainly enabled the Police Department to purchase computer equipment for mobile data units for the City's officers in the field.
7. The State Aid to Libraries Grant was increased to \$110,442 for fiscal year 2014. The library system received five additional grants totaling \$181,994. The Florida Division of Cultural Affairs (\$400) provided a program presenting historical stories and songs about Florida. The Hendry County Board of County Commissioners' grant (\$75,744) was discretionary funds for the library system support. The Hendry County Economic Development Council grant (\$35,850) was used to purchase computer and copier/fax equipment for all three branches. The Southwest Florida Community Foundation (\$50,000) funded a program we called I-Help which provided computer assisted GED training for clients at all three branches. The Howard E. Hill Foundation grant (\$20,000) was used to establish a Microsoft IT academy to teach MS Office programs to local residents and businesses.

8. Hendry County and the City renovated the Harlem gymnasium and swimming pool during the fiscal year ending September 30, 2014. The City hired and supervised lifeguards and facility supervisors to staff those two facilities and was reimbursed through the Hendry County East Recreation MSBU. No participants registered for the summer camps offered at the Harlem facility, so all summer camps were conducted at the Clewiston facilities. The County allowed cost reimbursements for the summer camps based on the City/County ratio of participants. The City received approximately \$102,000 in total from the County for recreational services provided by the City for County residents.
9. Since the City completed the North Side and South side sewer expansion projects, it will be necessary to expand the Waste Water Treatment Plant. As of September 30, 2014, \$1,117,500 in engineering and other project costs had been expended for the wastewater plant expansion project. During June, 2011, the initial phase of the project was completed. Funding for the project will need to be obtained before any construction can begin.
10. The City was awarded a \$700,000 grant through the Florida Department of Economic Opportunity for community housing rehabilitation. As of September 30, 2013, \$311,781 of the grant funds had been expended. Additional grant funds in the amount of \$373,176 were expended during the fiscal year ended September 30, 2014, which completed the housing rehabilitation grant program.
11. The City froze the benefits under its current defined benefit plan effective October 1, 2012. During the fiscal year ended September 30, 2014, the plan was funded in the amount of \$360,000. Of that payment, \$221,085 was used to decrease the unfunded accrued liability, which was approximately \$1,600,000 at the beginning of the fiscal year. Due to the freezing of the plan and the plan earnings during the current year, the unfunded liability of the defined benefit plan had been reduced to approximately \$51,000 as of September 30, 2014. The recommended contribution for the plan year beginning October 1, 2014, is \$75,515. Going forward the City will participate in a new defined contribution plan as described in Note 13 on page 63.
12. During the current year, the City was notified by the State of Florida, Department of Economic Opportunity, that the City had not met the employment goals required by the CDBG grant related to the City's development of the park of commerce. Therefore, grant funds previously accrued by the City in the amount of \$214,589 have been disallowed and grant funds previously paid to the City may have to be repaid. The disallowed grant funds are shown as an expenditure under Economic Environment - industry development in these financial statements. The commercial entity located in the park of commerce did not hire any employees during the fiscal year ended September 30, 2014, to help the City meet the grant employment requirements. The City had an agreement with the commercial entity to reduce its construction loan from the City by \$180,000 if grant employment goals were met. This agreement is now cancelled since grant requirements were not met.
13. The City paid approximately \$1,200 to vendors in the form of utility customer rebates for energy efficiency improvements to their residences. These funds were reimbursed to the City through the FMPA Conservation Program.



## USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 15) provide information about the activities of the City as a whole and present the longer-term view of the City's finances. Fund financial statements begin on page 16. For governmental activities, these fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee for City employee pension plan participants.

### **Reporting - The City as a Whole**

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's financial picture is "Is the City as a whole financially better or worse as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report financial information about the City and its activities that provide some answers to this question. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by for-profit private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes to that net position. You can think of the City's net position - the difference between assets and liabilities - as an indication of the City's financial health, or financial position. Over time, increases or decreases in the City's net position, is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets must be considered to assess the overall financial well being of the City. In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

#### Governmental Activities

Most of the City's basic services are reported in the governmental activities including police, fire, animal control, streets and street lighting, library, parks and recreation, general administration, park of commerce construction, and community redevelopment. Property taxes, franchise fees and state revenue sharing finance most of these activities.

#### Business-type Activities

The City provides electric, water, sewer, and solid waste collection services through customer charges that help the City recover the cost of these services. The City's Electric Fund, Water and Sewer Fund, and Solid Waste Fund are reported as business-type activities.

## **Reporting - The City's Significant Funds**

Our analysis of the City's major funds begins on page 16. The fund financial statements provide accounting information about the significant funds - not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Commission establishes other funds to help it control and manage money for particular purposes (like electric, water, sewer, and solid waste collection services) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies (like the State Library Operating Grant or Law Enforcement Grants). The City's two kinds of funds - governmental and proprietary - use different accounting methods.

### Governmental Funds

Most of the City's basic services are reported in governmental funds, which report how money flows within these funds and the resulting balances at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that are considered liquid. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine financial resources that are available in the near future to finance the City's programs.

The similarities and differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds can be understood by an analysis of the reconciliations on the schedules included in the basic financial statements on pages 17 and 20.

### Proprietary Funds

The City's charges for electric, water, sewer, and solid waste collection services and related expenses are reported in the proprietary funds. Proprietary funds are reported using the same accounting method that is used to report these activities in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary funds.

## **The City as a Trustee**

The City is the trustee, or fiduciary, for the City Employees' Pension Trust Fund. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 31 and 32. We excluded these activities from the City's other financial statements because the City can only use these assets to provide pension benefits to participants in the pension plan.

## **THE CITY AS A WHOLE**

### **Financial Analysis of the City as a Whole**

During the fiscal year ended September 30, 2014, the City's combined net position decreased to \$38.36 million from \$40.01 million at the beginning of the year, or \$1.65 million. The City's net position of the governmental activities decreased \$1,098,143. Net position of the business-type activities decreased \$557,056. The City's unrestricted net position for governmental activities (the part of net position that can be used to finance day-to-day operations) was a deficit of \$1.12 million as of September 30, 2014.

The condensed Statements of Net Position and Changes in Net Position on the following pages provide a comprehensive analysis of the government-wide financial information for the fiscal years ended September 30, 2014, and September 30, 2013.

**GOVERNMENT WIDE STATEMENTS**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position broken down by governmental activities and business-type activities for the current and preceding years:

**Statement of Net Position  
as of September 30, 2014 and  
September 30, 2013 (in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 231	\$ 959	\$ 12,696	\$ 12,752	\$ 12,927	\$ 13,711
Capital assets	<u>9,270</u>	<u>9,691</u>	<u>33,890</u>	<u>34,873</u>	<u>43,160</u>	<u>44,564</u>
Total assets	<u>9,501</u>	<u>10,650</u>	<u>46,586</u>	<u>47,625</u>	<u>56,087</u>	<u>58,275</u>
Long-term liabilities	213	215	14,932	15,387	15,145	15,602
Other liabilities	<u>1,076</u>	<u>1,125</u>	<u>1,509</u>	<u>1,535</u>	<u>2,585</u>	<u>2,660</u>
Total liabilities	<u>1,289</u>	<u>1,340</u>	<u>16,441</u>	<u>16,922</u>	<u>17,730</u>	<u>18,262</u>
Net position:						
Invested in capital assets, net of related debt	9,270	9,510	18,502	19,046	27,772	28,556
Restricted	59	79	3,648	4,052	3,707	4,131
Unrestricted	<u>(1,117)</u>	<u>(279)</u>	<u>7,996</u>	<u>7,605</u>	<u>6,879</u>	<u>7,326</u>
Total net position	<u>\$ 8,212</u>	<u>\$ 9,310</u>	<u>\$ 30,146</u>	<u>\$ 30,703</u>	<u>\$ 38,358</u>	<u>\$ 40,013</u>

For more detailed information, see the Statement of Net Position on page 13.

## Changes in Net Position

The following table shows the revenues and expenses of the total primary government broken down by governmental activities and business-type activities for the current and preceding years:

	Changes in Net Position for the Fiscal Years Ended September 30, 2014 and September 30, 2013 (in thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 2,128	\$ 2,099	\$ 16,245	\$ 15,710	\$ 18,373	\$ 17,809
Operating grants and contributions	391	327	-	-	391	327
Capital grants and contributions	442	329	29	78	471	407
General revenues						
Property taxes	1,191	1,195	-	-	1,191	1,195
Other taxes	1,270	1,202	-	-	1,270	1,202
Intergovernmental	509	479	-	-	509	479
Other	87	122	61	80	148	202
Transfers - internal	<u>1,456</u>	<u>1,510</u>	<u>(1,456)</u>	<u>(1,510)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,474</u>	<u>7,263</u>	<u>14,879</u>	<u>14,358</u>	<u>22,353</u>	<u>21,621</u>
Expenses						
General government	1,705	1,499	-	-	1,705	1,499
Public safety	2,601	2,658	-	-	2,601	2,658
Physical environment	339	360	-	-	339	360
Public works	842	840	15,436	14,878	16,278	15,718
Culture and recreation	2,319	2,160	-	-	2,319	2,160
Economic environment	630	437	-	-	630	437
Human service	<u>136</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>140</u>
Total expenses	<u>8,572</u>	<u>8,094</u>	<u>15,436</u>	<u>14,878</u>	<u>24,008</u>	<u>22,972</u>
Changes in net position	<u>\$ (1,098)</u>	<u>\$ (831)</u>	<u>\$ (557)</u>	<u>\$ (520)</u>	<u>\$ (1,655)</u>	<u>\$ (1,351)</u>
Ending net position	<u>\$ 8,212</u>	<u>\$ 9,310</u>	<u>\$ 30,146</u>	<u>\$ 30,703</u>	<u>\$ 38,358</u>	<u>\$ 40,013</u>

## **Governmental Activities**

The decrease in net position of governmental activities for the fiscal year ended September 30, 2014, was \$1,098,143 which resulted from governmental activities program and general revenues and internal transfers-in which were less than expenses. Depreciation on governmental activities capital assets was \$633,988 for the fiscal year ended September 30, 2014.

## **Business-type Activities**

The decrease in net position of business-type activities for the fiscal year ended September 30, 2014, was \$557,056 which was a result of business-type activities charges for services, capital contributions, and other income under the total of expenses and internal transfers-out. Depreciation on business-type activities capital assets was \$1,349,061.

## **THE CITY'S FUNDS**

### **Governmental Type Funds**

As of September 30, 2014, the governmental funds (as presented on page 16) reported a deficit fund balance of \$.32 million which is \$.69 million less than at the beginning of the year (\$.37 million positive fund balance). The governmental funds experienced a net decrease in their combined fund balances of \$690,702 due to revenues and transfers-in which were under expenditures during the fiscal year ended September 30, 2014, using the modified accrual basis of accounting. The adjustment to reconcile the \$690,702 decrease in the fund balance of the governmental funds to the \$1,098,143 decrease in net position of governmental activities is shown on page 20.

### **Business-type Funds**

As of year-end, the business-type funds (Electric Fund, Water and Sewer Fund, and Solid Waste Fund) reported a combined net position of \$30.15 million which is 1.79% less than at the beginning of the year (\$30.70 million).

The business-type funds decrease in net position resulted primarily from operating income in the amount of \$1,450,102 less interest expense of \$641,402 and less operating transfers-out in the amount of \$1,455,982.

### **Governmental Funds Budgetary Highlights**

Over the course of the year, the City Commission made revisions to the City's budget. Certain budget amendment transfers were made during the year to address line item over-expenditures in certain departments by moving previously budgeted funds, sometimes from other departments, which had been under-expended. Also, budget amendments were made for unanticipated revenues, such as grants and other contributions, which increased revenues and current expenditures by the same amount.

The Governmental Fund's actual revenues were \$119,118 less than budgeted.

The Governmental Fund's actual expenditures were \$44,088 more than budgeted. CDBG funds previously recognized by the City were disallowed by the State of Florida due to required job creation criteria under the grant which were not met within the time requirements. This expenditure for CDBG funds disallowed caused the actual expenditures to exceed budgeted amounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year, the City had \$80,985,569 invested in a broad range of capital assets, including land and buildings, police, fire, and public works equipment, library, parks, and recreational facilities, solid waste collection equipment, and electric, water, and sewer utility systems. This amount represents a net increase (including additions and deletions) of \$565,185. See Note 7 in the notes to the financial statements for detailed changes in capital assets.

The City budgeted an additional \$1.63 million in capital expenditures for the fiscal year ended September 30, 2015, which consisted of \$.18 million in capital expenditures in the governmental funds and \$1.45 million in capital expenditures in the business-type funds.

### Debt

At September 30, 2014, the City had \$15,387,249 in notes and bonds payable to outside creditors outstanding versus \$15,827,738 at September 30, 2013, - a decrease of 2.78% - as shown in the schedule below.

#### Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Notes payable	\$ -	\$ -	\$ 1,933,249	\$ 2,171,738	\$ 1,933,249	\$ 2,171,738
Revenue bonds payable (secured by water and sewer net revenue)	-	-	13,454,000	13,656,000	13,454,000	13,656,000
Totals	\$ -	\$ -	\$ 15,387,249	\$ 15,827,738	\$ 15,387,249	\$ 15,827,738

No new debt from outside sources was incurred by the City during the fiscal year ended September 30, 2014. See Note 9 beginning on page 51 for more information about the City's debt, such as interest rates and amortization of debt.

Other obligations of the City include accrued vacation pay and advances from another City fund.

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

The City Commission considered many factors while determining the fiscal year 2015 budget, setting the new millage rate, and analyzing the fees which will be charged by the business-type activities. One of those factors was the economy.

Clewiston's local economy consists largely of agribusiness, retail, and service industries. Some of the largest business entities in the Clewiston area include sugar and citrus growers, general merchandise, and grocery retail establishments. The City's unemployment rate in 2014 was approximately 8.4% on an annual basis which was lower than previous years. The City of Clewiston's population has increased from 6,085 in April, 1990, to a current population of approximately 7,120 people.

The current real estate market and general economy in Hendry County and surrounding areas caused a considerable slowdown that is now beginning to pick back up. While activity has not resumed at the pre-recession pace, it appears the local market and economy is beginning to recover. Some activity is resuming and several projects have been permitted and constructed, continuing to lower the unemployment rate by a small margin. The future prospects are once again beginning to look more positive.

The City budgeted government-wide revenues of \$24.33 million, including grant revenues of \$.14 million, and government-wide expenditures of \$24.99 million, including \$1.63 million in capital expenditures, for the fiscal year ended September 30, 2015. If the budgeted revenues and expenditures are realized, the City's financial reserves will be decreased by \$.66 million during fiscal year 2015. The millage rate for the fiscal year ended September 30, 2015, was set at 6.1957 mills. This millage rate is the same millage rate used in the previous fiscal year.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with an understanding of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this financial report or need additional information, contact the City Finance Department at the City of Clewiston, 115 West Ventura Avenue, Clewiston, Florida 33440.

CITY OF CLEWISTON, FLORIDA  
Government-wide Statement of Net Position  
September 30, 2014

	Governmental Activities	Business-type Activities	Totals
<b>Assets</b>			
Cash	\$ 2,075	\$ 600	\$ 2,675
Investments	1,267,543	1,711,977	2,979,520
Receivables, net			
Accounts	275,110	2,608,760	2,883,870
Assessments	67,728	1,052,485	1,120,213
Taxes	2,582	-	2,582
Interest	-	33,006	33,006
Inventory	85,861	560,006	645,867
Prepaid expenses	3,413	-	3,413
Due from other governments	527,093	-	527,093
Internal balances	(2,377,876)	2,377,876	-
Note receivable	377,572	-	377,572
Restricted assets			
Investments	-	3,926,625	3,926,625
Accounts receivable - FMPA	-	425,207	425,207
Capital assets			
Land	2,457,334	670,142	3,127,476
Depreciable capital assets, net	6,805,189	32,102,053	38,907,242
Construction in progress	7,290	1,117,416	1,124,706
<b>Total assets</b>	<b>\$ 9,500,914</b>	<b>\$ 46,586,153</b>	<b>\$ 56,087,067</b>
<b>Liabilities</b>			
Accounts payable	\$ 385,032	\$ 721,088	\$ 1,106,120
Accrued liabilities	120,149	153,652	273,801
Unearned revenue	44,646	-	44,646
Payable from restricted assets			
Accrued interest	-	56,945	56,945
Deposits	-	647,646	647,646
Current portion of notes payable	-	246,336	246,336
Current portion of revenue bonds payable	-	209,000	209,000
Noncurrent liabilities			
Due in more than one year	213,181	14,931,913	15,145,094
Advance from other fund	525,896	(525,896)	-
<b>Total liabilities</b>	<b>1,288,904</b>	<b>16,440,684</b>	<b>17,729,588</b>
<b>Net position</b>			
Invested in capital assets, net of related debt	9,269,813	18,502,362	27,772,175
Restricted for			
Community redevelopment	58,827	-	58,827
Construction and debt retirement	-	3,222,034	3,222,034
Working capital - FMPA	-	425,207	425,207
Unrestricted	(1,116,630)	7,995,866	6,879,236
<b>Total net position</b>	<b>\$ 8,212,010</b>	<b>\$ 30,145,469</b>	<b>\$ 38,357,479</b>

See accompanying notes to financial statements.



CITY OF CLEWISTON, FLORIDA  
Government-wide Statement of Activities  
Year Ended September 30, 2014

Functions / Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 1,704,732	\$ 220,722	\$ -	\$ -	\$ (1,484,010)
Public safety					
Police	1,860,461	55,610	10,547	23,506	(1,770,798)
Fire	509,620	326,034	-	-	(183,586)
Protective inspections	230,455	87,834	-	-	(142,621)
Total public safety	2,600,536	469,478	10,547	23,506	(2,097,005)
Physical environment	339,114	269,775	-	-	(69,339)
Transportation					
Streets and lighting	841,937	378,300	46,437	-	(417,200)
Culture and recreation					
Library	472,743	12,711	259,693	45,568	(154,771)
Parks and recreation	1,845,793	688,168	74,393	-	(1,083,232)
Total culture and recreation	2,318,536	700,879	334,086	45,568	(1,238,003)
Economic environment					
Housing and urban development	393,596	-	-	373,176	(20,420)
Industry development	236,737	-	-	-	(236,737)
Total economic environment	630,333	-	-	373,176	(257,157)
Human services					
Animal control	136,530	88,521	-	-	(48,009)
Total governmental activities	8,571,718	2,127,675	391,070	442,250	(5,610,723)
Business-type activities					
Electric	10,663,550	11,662,948	-	-	999,398
Water and sewer	3,709,655	3,468,781	-	28,665	(212,209)
Solid waste	1,063,179	1,113,355	-	-	50,176
Total business-type activities	15,436,384	16,245,084	-	28,665	837,365
Total	\$ 24,008,102	\$ 18,372,759	\$ 391,070	\$ 470,915	\$ (4,773,358)

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Government-wide Statement of Activities (continued)  
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net (expense) revenue from previous page	\$ (5,610,723)	\$ 837,365	\$ (4,773,358)
General revenues			
Taxes	2,461,477	-	2,461,477
Intergovernmental	509,130	-	509,130
Investment income	23,110	29,021	52,131
Miscellaneous	62,881	32,540	95,421
Transfers - internal	<u>1,455,982</u>	<u>(1,455,982)</u>	<u>-</u>
Total general revenues and transfers	<u>4,512,580</u>	<u>(1,394,421)</u>	<u>3,118,159</u>
Changes in net position	(1,098,143)	(557,056)	(1,655,199)
Net position - October 1, 2013	<u>9,310,153</u>	<u>30,702,525</u>	<u>40,012,678</u>
Net position - September 30, 2014	<u>\$ 8,212,010</u>	<u>\$ 30,145,469</u>	<u>\$ 38,357,479</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Balance Sheet  
Governmental Funds  
September 30, 2014

	General Fund	Clewiston Redevelopment Agency Fund	General Construction Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 2,075	\$ -	\$ -	\$ -	\$ 2,075
Investments	1,194,151	59,062	-	14,330	1,267,543
Receivables					
Accounts	275,110	-	-	-	275,110
Special assessments	67,728	-	-	-	67,728
Prepaid expenses	3,413	-	-	-	3,413
Inventory	85,861	-	-	-	85,861
Due from other funds	7,984	-	-	216	8,200
Due from other governments	527,093	-	-	-	527,093
Note receivable	377,572	-	-	-	377,572
<b>Total assets</b>	<b><u>\$ 2,540,987</u></b>	<b><u>\$ 59,062</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,546</u></b>	<b><u>\$ 2,614,595</u></b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 382,071	\$ -	\$ -	\$ 2,961	\$ 385,032
Accrued liabilities	119,235	-	-	914	120,149
Due to other funds	2,378,092	235	-	7,749	2,386,076
Unearned revenue	41,724	-	-	2,922	44,646
<b>Total liabilities</b>	<b><u>2,921,122</u></b>	<b><u>235</u></b>	<b><u>-</u></b>	<b><u>14,546</u></b>	<b><u>2,935,903</u></b>
<b>Fund balances</b>					
Nonspendable	466,846	-	-	-	466,846
Restricted	-	58,827	-	-	58,827
Unassigned	(846,981)	-	-	-	(846,981)
<b>Total fund balances</b>	<b><u>(380,135)</u></b>	<b><u>58,827</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(321,308)</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,540,987</u></b>	<b><u>\$ 59,062</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,546</u></b>	<b><u>\$ 2,614,595</u></b>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Position  
September 30, 2014

Total fund balances, governmental funds	\$ (321,308)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,269,813
Certain other assets are not available to pay for current-period expenditures.	2,582
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(739,077)</u>
Net position of governmental activities	<u>\$ 8,212,010</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
Year Ended September 30, 2014

	General Fund	Clewiston Redevelopment Agency Fund	General Construction Fund	Other Governmental Fund	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 2,802,655	\$ -	\$ -	\$ -	\$ 2,802,655
Licenses and permits	86,037	-	-	-	86,037
Intergovernmental revenue	1,156,096	-	-	121,324	1,277,420
Charges for services	1,550,129	-	-	-	1,550,129
Fines and forfeitures	60,049	-	-	-	60,049
Miscellaneous revenues	253,107	176	-	97	253,380
<b>Total revenues</b>	<u>5,908,073</u>	<u>176</u>	<u>-</u>	<u>121,421</u>	<u>6,029,670</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	1,666,252	-	-	-	1,666,252
Public safety					
Police	1,837,657	-	-	-	1,837,657
Fire	412,982	-	-	-	412,982
Protective inspections	228,059	-	-	-	228,059
<b>Total public safety</b>	<u>2,478,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,478,698</u>
Transportation					
Streets and lighting	718,134	-	-	-	718,134
Culture and recreation					
Library	364,949	-	-	121,421	486,370
Parks and recreation	1,726,698	-	-	-	1,726,698
<b>Total culture and recreation</b>	<u>2,091,647</u>	<u>-</u>	<u>-</u>	<u>121,421</u>	<u>2,213,068</u>
Physical environment	338,934	-	-	-	338,934
Economic environment					
Housing and urban development	373,176	20,420	-	-	393,596
Industry development - CDBG funds disallowed	-	-	214,589	-	214,589
<b>Total economic environment</b>	<u>373,176</u>	<u>20,420</u>	<u>214,589</u>	<u>-</u>	<u>608,185</u>
Human services					
Animal control	129,602	-	-	-	129,602
Debt service					
Principal retirement - fire	29,700	-	-	-	29,700
Principal retirement - industry development	13,781	-	-	-	13,781
<b>Total debt service</b>	<u>43,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,481</u>
<b>Total expenditures</b>	<u>7,839,924</u>	<u>20,420</u>	<u>214,589</u>	<u>121,421</u>	<u>8,196,354</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds (continued)  
Year Ended September 30, 2014

	General Fund	Clewiston Redevelopment Agency Fund	General Construction Fund	Other Governmental Fund	Total Governmental Funds
Excess of revenues under expenditures	<u>(1,931,851)</u>	<u>(20,244)</u>	<u>(214,589)</u>	-	<u>(2,166,684)</u>
Other financing sources (uses)					
Loan proceeds	20,000	-	-	-	20,000
Operating transfers-in	1,455,982	-	214,589	-	1,670,571
Operating transfers-out	<u>(214,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214,589)</u>
Total other financing sources (uses)	<u>1,261,393</u>	<u>-</u>	<u>214,589</u>	<u>-</u>	<u>1,475,982</u>
Net changes in fund balances	(670,458)	(20,244)	-	-	(690,702)
Fund balances -					
October 1, 2013	<u>290,323</u>	<u>79,071</u>	<u>-</u>	<u>-</u>	<u>369,394</u>
Fund balances -					
September 30, 2014	<u>\$ (380,135)</u>	<u>\$ 58,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (321,308)</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 Year Ended September 30, 2014

Net change in fund balances - total governmental funds	\$ (690,702)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense in the statement of activities exceeded capital outlays in the governmental funds in the current period.	(420,847)
The net effect of various transactions involving available financial resources	<u>13,406</u>
Changes in net position of governmental activities	<u>\$ (1,098,143)</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds  
Year Ended September 30, 2014

	General Fund			
	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ 2,747,432	\$ 2,747,432	\$ 2,802,655	\$ 55,223
Licenses and permits	96,845	96,845	86,037	(10,808)
Intergovernmental	1,049,852	1,197,285	1,156,096	(41,189)
Charges for services	1,491,929	1,610,929	1,550,129	(60,800)
Fines and forfeitures	148,400	148,400	60,049	(88,351)
Miscellaneous	82,600	213,470	253,107	39,637
Total revenues	<u>5,617,058</u>	<u>6,014,361</u>	<u>5,908,073</u>	<u>(106,288)</u>
Expenditures				
Current				
General government	1,732,656	1,696,993	1,666,252	30,741
Public safety	2,569,296	2,520,748	2,478,698	42,050
Transportation	625,385	728,450	718,134	10,316
Culture and recreation	1,875,060	2,158,595	2,091,647	66,948
Physical environment	355,914	338,643	338,934	(291)
Economic environment	278,595	388,219	373,176	15,043
Human services	133,210	134,598	129,602	4,996
Debt service				
Principal retirement	29,700	30,873	43,481	(12,608)
Total expenditures	<u>7,599,816</u>	<u>7,997,119</u>	<u>7,839,924</u>	<u>157,195</u>
Excess of revenues under expenditures	<u>(1,982,758)</u>	<u>(1,982,758)</u>	<u>(1,931,851)</u>	<u>50,907</u>
Other financing sources (uses)				
Loan proceeds	-	-	20,000	20,000
Operating transfers-in	1,455,982	1,455,982	1,455,982	-
Operating transfers-out	-	-	(214,589)	(214,589)
Total other financing sources (uses)	<u>1,455,982</u>	<u>1,455,982</u>	<u>1,261,393</u>	<u>(194,589)</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (526,776)</u>	<u>\$ (526,776)</u>	<u>(670,458)</u>	<u>\$ (143,682)</u>
Fund balances - October 1, 2013			<u>290,323</u>	
Fund balances - September 30, 2014			<u>\$ (380,135)</u>	

See accompanying notes to financial statements.



CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2014

Clewiston Redevelopment Agency Fund				Variance -
	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	<u>200</u>	<u>200</u>	<u>176</u>	<u>(24)</u>
Total revenues	<u>200</u>	<u>200</u>	<u>176</u>	<u>(24)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Physical environment	-	-	-	-
Economic environment	20,920	20,920	20,420	500
Human services	-	-	-	-
Debt service				
Principal retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>20,920</u>	<u>20,920</u>	<u>20,420</u>	<u>500</u>
Excess of revenues under expenditures	<u>(20,720)</u>	<u>(20,720)</u>	<u>(20,244)</u>	<u>476</u>
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Operating transfers-in	-	-	-	-
Operating transfers-out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (20,720)</u>	<u>\$ (20,720)</u>	<u>(20,244)</u>	<u>\$ 476</u>
Fund balances - October 1, 2013			<u>79,071</u>	
Fund balances - September 30, 2014			<u>\$ 58,827</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2014

	General Construction Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Physical environment	-	-	-	-
Economic environment	-	-	214,589	(214,589)
Human services	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>214,589</u>	<u>(214,589)</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(214,589)</u>	<u>(214,589)</u>
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Operating transfers-in	-	-	214,589	214,589
Operating transfers-out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>214,589</u>	<u>214,589</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - October 1, 2013			<u>-</u>	
Fund balances - September 30, 2014			<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2014

	Other Governmental Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	130,172	130,172	121,324	(8,848)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	4,055	4,055	97	(3,958)
<u>Total revenues</u>	<u>134,227</u>	<u>134,227</u>	<u>121,421</u>	<u>(12,806)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	134,227	134,227	121,421	12,806
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Debt service	-	-	-	-
Principal retirement	-	-	-	-
<u>Total expenditures</u>	<u>134,227</u>	<u>134,227</u>	<u>121,421</u>	<u>12,806</u>
Excess of revenues under expenditures	-	-	-	-
Other financing sources (uses)				
Loan proceeds	-	-	-	-
Operating transfers-in	-	-	-	-
Operating transfers-out	-	-	-	-
<u>Total other financing sources (uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - October 1, 2013			-	
Fund balances - September 30, 2014			<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2014

	Total Governmental Funds			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,747,432	\$ 2,747,432	\$ 2,802,655	\$ 55,223
Licenses and permits	96,845	96,845	86,037	(10,808)
Intergovernmental	1,180,024	1,327,457	1,277,420	(50,037)
Charges for services	1,491,929	1,610,929	1,550,129	(60,800)
Fines and forfeitures	148,400	148,400	60,049	(88,351)
Miscellaneous	86,855	217,725	253,380	35,655
Total revenues	<u>5,751,485</u>	<u>6,148,788</u>	<u>6,029,670</u>	<u>(119,118)</u>
Expenditures				
Current				
General government	1,732,656	1,696,993	1,666,252	30,741
Public safety	2,569,296	2,520,748	2,478,698	42,050
Transportation	625,385	728,450	718,134	10,316
Culture and recreation	2,009,287	2,292,822	2,213,068	79,754
Physical environment	355,914	338,643	338,934	(291)
Economic environment	299,515	409,139	608,185	(199,046)
Human services	133,210	134,598	129,602	4,996
Debt service				
Principal retirement	29,700	30,873	43,481	(12,608)
Total expenditures	<u>7,754,963</u>	<u>8,152,266</u>	<u>8,196,354</u>	<u>(44,088)</u>
Excess of revenues under expenditures	<u>(2,003,478)</u>	<u>(2,003,478)</u>	<u>(2,166,684)</u>	<u>(163,206)</u>
Other financing sources (uses)				
Loan proceeds	-	-	20,000	20,000
Operating transfers-in	1,455,982	1,455,982	1,670,571	214,589
Operating transfers-out	-	-	(214,589)	(214,589)
Total other financing sources (uses)	<u>1,455,982</u>	<u>1,455,982</u>	<u>1,475,982</u>	<u>20,000</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (547,496)</u>	<u>\$ (547,496)</u>	(690,702)	<u>\$ (143,206)</u>
Fund balances - October 1, 2013			369,394	
Fund balances - September 30, 2014			<u>\$ (321,308)</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Net Position  
Proprietary Funds  
September 30, 2014

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 600	\$ -	\$ -	\$ 600
Investments	138,801	1,194,224	378,952	1,711,977
Receivables, net				
Accounts	1,730,537	677,094	201,129	2,608,760
Assessments	-	1,052,485	-	1,052,485
Due from other funds	2,337,806	41,116	208,036	2,586,958
Accrued interest	-	33,006	-	33,006
Inventory, at cost	396,944	163,062	-	560,006
Advance to other fund	-	525,896	-	525,896
<b>Total current assets</b>	<b>4,604,688</b>	<b>3,686,883</b>	<b>788,117</b>	<b>9,079,688</b>
<b>Restricted assets</b>				
Investments	950,522	2,976,103	-	3,926,625
Accounts receivable - FMPA	425,207	-	-	425,207
<b>Total restricted assets</b>	<b>1,375,729</b>	<b>2,976,103</b>	<b>-</b>	<b>4,351,832</b>
<b>Capital assets</b>				
Land	27,667	642,475	-	670,142
Depreciable capital assets, net	6,337,804	25,456,001	308,248	32,102,053
Construction in progress	-	1,117,416	-	1,117,416
<b>Total capital assets, net</b>	<b>6,365,471</b>	<b>27,215,892</b>	<b>308,248</b>	<b>33,889,611</b>
<b>Total assets (carried forward)</b>	<b>12,345,888</b>	<b>33,878,878</b>	<b>1,096,365</b>	<b>47,321,131</b>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Net Position (continued)  
Proprietary Funds  
September 30, 2014

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Total assets (brought forward)	<u>12,345,888</u>	<u>33,878,878</u>	<u>1,096,365</u>	<u>47,321,131</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	591,959	94,283	34,846	721,088
Accrued liabilities	101,652	33,691	18,309	153,652
Due to other funds	216	207,856	1,010	209,082
Total current liabilities	<u>693,827</u>	<u>335,830</u>	<u>54,165</u>	<u>1,083,822</u>
Current liabilities payable from restricted assets				
Accrued interest	6,947	49,998	-	56,945
Deposits	647,646	-	-	647,646
Current portion of notes payable	157,111	89,225	-	246,336
Current portion of revenue bonds payable	-	209,000	-	209,000
Total current liabilities payable from restricted assets	<u>811,704</u>	<u>348,223</u>	<u>-</u>	<u>1,159,927</u>
Noncurrent liabilities	<u>628,445</u>	<u>14,303,468</u>	<u>-</u>	<u>14,931,913</u>
Total liabilities	<u>2,133,976</u>	<u>14,987,521</u>	<u>54,165</u>	<u>17,175,662</u>
<b>Net position</b>				
Invested in capital assets, net of related debt	5,579,915	12,614,199	308,248	18,502,362
Restricted for				
Construction and retirement of debt	295,929	2,926,105	-	3,222,034
Working capital - FMPA	425,207	-	-	425,207
Unrestricted	<u>3,910,861</u>	<u>3,351,053</u>	<u>733,952</u>	<u>7,995,866</u>
Total net position	<u>\$ 10,211,912</u>	<u>\$ 18,891,357</u>	<u>\$ 1,042,200</u>	<u>\$ 30,145,469</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Revenues, Expenses  
and Changes in Net Position  
Proprietary Funds  
Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Operating revenues				
Charges for services	\$ 11,662,948	\$ 3,468,781	\$ 1,113,355	\$ 16,245,084 ✓
Operating expenses				
Electricity purchased	8,383,634	-	-	8,383,634
Personal services	961,100	545,130	279,368	1,785,598
Contractual services	294,513	915,846	406,248	1,616,607
Supplies	169,032	123,167	98,582	390,781
Utilities	40,396	439,995	-	480,391
Insurance	49,412	35,226	84,206	168,844
Repairs and maintenance	212,197	225,016	113,240	550,453
Depreciation	448,379	819,983	80,699	1,349,061
Miscellaneous	45,937	5,131	-	51,068
Bad debts	13,116	4,593	836	18,545
Total operating expenses	<u>10,617,716</u>	<u>3,114,087</u>	<u>1,063,179</u>	<u>14,794,982</u>
Operating income	<u>1,045,232</u>	<u>354,694</u>	<u>50,176</u>	<u>1,450,102</u>
Nonoperating revenues (expenses)				
Interest	353	26,778	1,890	29,021 ✓
Miscellaneous	24,950	7,590	-	32,540 ✓
Interest and fiscal charges	<u>(45,834)</u>	<u>(595,568)</u>	<u>-</u>	<u>(641,402)</u>
Total nonoperating revenues (expenses)	<u>(20,531)</u>	<u>(561,200)</u>	<u>1,890</u>	<u>(579,841)</u>
Income (loss) before contributions and transfers	<u>1,024,701</u>	<u>(206,506)</u>	<u>52,066</u>	<u>870,261</u>
Capital contributions	-	28,665	-	28,665 ✓
Operating transfers-out	<u>(1,003,855)</u>	<u>(342,127)</u>	<u>(110,000)</u>	<u>(1,455,982)</u>
Changes in net position	20,846	(519,968)	(57,934)	(557,056)
Net position - October 1, 2013	<u>10,191,066</u>	<u>19,411,325</u>	<u>1,100,134</u>	<u>30,702,525</u>
Net position - September 30, 2014	<u>\$ 10,211,912</u>	<u>\$ 18,891,357</u>	<u>\$ 1,042,200</u>	<u>\$ 30,145,469</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2014

Business-type Activities - Enterprise Funds

	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 11,309,418	\$ 3,400,232	\$ 1,099,425	\$ 15,809,075
Cash payments for goods and services	(9,370,680)	(1,740,721)	(702,139)	(11,813,540)
Cash payments to employees for services and related payroll costs	(943,914)	(539,180)	(282,220)	(1,765,314)
Net cash provided by operating activities	<u>994,824</u>	<u>1,120,331</u>	<u>115,066</u>	<u>2,230,221</u>
Cash flows from noncapital financing activities:				
Miscellaneous receipts	24,950	7,590	-	32,540
Deposits received from customers less deposits returned to customers	50,034	-	-	50,034
Loans and payments from other funds	56,268	469,721	1,010	526,999
Loans and payments to other funds	(1,017)	(228,232)	(6,077)	(235,326)
Loan proceeds to General Fund	-	(20,000)	-	(20,000)
Loan payments from General Fund	-	43,481	-	43,481
Cash operating transfers-out to other funds	(1,003,855)	(342,127)	(110,000)	(1,455,982)
Interest paid on customer deposits	(9,083)	-	-	(9,083)
Net cash used for noncapital financing activities	<u>(882,703)</u>	<u>(69,567)</u>	<u>(115,067)</u>	<u>(1,067,337)</u>
Cash flows from capital and related financing activities:				
Sewer assessments received	-	69,168	-	69,168
Capital contributed by customers, developers, and CRA	-	28,665	-	28,665
Acquisition and construction of capital assets	(41,174)	(323,883)	-	(365,057)
Principal paid on notes payable - State RF and bank	(157,110)	(81,379)	-	(238,489)
Interest paid on notes payable - State RF and bank	(37,339)	(33,190)	-	(70,529)
Principal paid on revenue bonds payable	-	(202,000)	-	(202,000)
Interest paid on revenue bonds payable	-	(563,310)	-	(563,310)
Net cash used for capital and related financing activities	<u>(235,623)</u>	<u>(1,105,929)</u>	<u>-</u>	<u>(1,341,552)</u>

See accompanying notes to financial statements.



CITY OF CLEWISTON, FLORIDA  
Statement of Cash Flows (continued)  
Proprietary Funds  
Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Cash flows from investing activities:				
Interest received on investments	353	31,102	1,890	33,345
Net cash provided by investing activities	353	31,102	1,890	33,345
Net increase (decrease) in cash and cash equivalents	(123,149)	(24,063)	1,889	(145,323)
Cash and cash equivalents at beginning of year	1,213,072	4,194,390	377,063	5,784,525
Cash and cash equivalents at end of year	<u>\$ 1,089,923</u>	<u>\$ 4,170,327</u>	<u>\$ 378,952</u>	<u>\$ 5,639,202</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	<u>\$ 1,045,232</u>	<u>\$ 354,694</u>	<u>\$ 50,176</u>	<u>\$ 1,450,102</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	448,379	819,983	80,699	1,349,061
Provision for uncollectible accounts	13,116	4,593	836	18,545
Changes in assets and liabilities:				
Increase in accounts receivable	(353,530)	(68,549)	(13,930)	(436,009)
Increase in inventory and prepaid expenses	(5,664)	(33,054)	-	(38,718)
Increase (decrease) in accounts payable	(169,895)	36,714	137	(133,044)
Increase (decrease) in accrued liabilities	17,186	5,950	(2,852)	20,284
Total adjustments	<u>(50,408)</u>	<u>765,637</u>	<u>64,890</u>	<u>780,119</u>
Net cash provided by operating activities (see previous page)	<u>\$ 994,824</u>	<u>\$ 1,120,331</u>	<u>\$ 115,066</u>	<u>\$ 2,230,221</u>
Reconciliation of cash and cash equivalents to Statement of Net Position				
Cash and cash equivalents - unrestricted	\$ 139,401	\$ 1,194,224	\$ 378,952	\$ 1,712,577
Cash and cash equivalents - restricted	950,522	2,976,103	-	3,926,625
Total cash and cash equivalents	<u>\$ 1,089,923</u>	<u>\$ 4,170,327</u>	<u>\$ 378,952</u>	<u>\$ 5,639,202</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Fiduciary Net Position  
Fiduciary Fund  
September 30, 2014

	<u>Pension Trust Fund</u>
Assets	
Investments	\$ 10,436,417
Receivables, net	<u>100,516</u>
Total assets	<u>10,536,933</u>
Net position	
Held in trust for pension benefits	<u>10,536,933</u>
Total net position	<u>\$ 10,536,933</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year Ended September 30, 2014

	Pension Trust Fund
Additions	
Contributions - employer	\$ 360,000
Net investment earnings	1,110,956
Total additions	1,470,956
Deductions	
Pension benefits	407,433
Administrative costs	-
Total deductions	407,433
Increase in net position	1,063,523
Net position - October 1, 2013	9,473,410
Net position - September 30, 2014	\$ 10,536,933

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

The accounting methods and procedures adopted by the City of Clewiston, Florida, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City of Clewiston's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Clewiston (the City) is a municipal corporation incorporated by Laws of Florida, 1923, Chapter 9712, which was amended by Laws of Florida, 1925, Chapter 10434. Both of said acts were repealed by Laws of Florida 1925, Chapter 10433, Article IX, Paragraph 11. Said 1925, Chapter 10433, as amended, constitutes the present Charter of the City. The City is governed by an elected five-member board of city commissioners. The Board appoints a City Manager to administer the policies emanating from its statutory powers and authority. The City's major operations include police and fire protection, parks and recreation, library, public works, general administrative services, and community redevelopment. In addition, the City owns and operates electric, water, sewer, and solid waste collection systems.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Significant changes in the Statement affecting the financial statements include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the City's governmental and business-type activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City elected to implement all of the provisions of the Statement during the fiscal year ended September 30, 2003.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

Government Accounting Standards Board (GASB) Statement 14 entitled "The Financial Reporting Entity" establishes criteria for determining which organizations should be included in a governmental financial reporting entity. Based upon application of these criteria, the City has determined that there are no additional governmental departments, agencies, institutions, commissions, public authorities or other governmental organizations operating within the jurisdiction of the City Commission that would be considered component units to be included in the financial statements of the City.

As required by governmental accounting principles generally accepted in the United States of America, the accompanying financial statements present the City and its component unit (entity for which the City is considered to be financially accountable). Blended component units, while legally separate units, are in substance part of the government's operations. Therefore, financial data from this unit is presented with financial data of the City (the primary government). The City had no discretely presented component units. The City has one blended component unit as described below.

Blended Component Unit

The Clewiston Redevelopment Agency (CRA) was established by the City under Ordinance No. 2005-1 pursuant to the "Community Development Act of 1969" and Chapter 163, Part III of the Florida Statutes. The five City Commissioners are the board members of the CRA. The CRA commenced operations during the fiscal year ended September 30, 2008. The financial statements of the CRA are presented as a major governmental fund.

Basic Financial Statements - Government-wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, streets and street lighting, general administrative services, and community redevelopment are classified as governmental activities. The City's electric, water, sewer and solid waste collection services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-wide Statements

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

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:

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.

Special Revenue Funds are used to account for the proceeds of a specific revenue source which is legally restricted to expenditures for a specific purpose. The State Library Grant Fund is shown separately in the column "Other Governmental Fund" in the governmental funds financial statements.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

Capital Projects Fund is used to account for the resources designated to construct or acquire capital assets for governmental activities. The primary source of the financial resources is capital grants obtained by the City.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

The General Construction Fund is a capital project fund used to account for and report financial resources that are set aside for large capital projects to be completed beyond one year.

The Clewiston Redevelopment Agency Fund is a special revenue fund used to account for and report financial resources that are related to the Clewiston Redevelopment Agency.

Proprietary Funds

The focus of the proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flow. 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:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The enterprise funds of the City are the Electric Fund, the Water and Sewer Fund, and the Solid Waste Fund.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

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 is reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). 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.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the governmental-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

The City maintains an investment pool that is available for use by all funds. The investment pool consists of interest-bearing bank accounts and investments in the Florida State Board of Administration (SBA) Florida PRIME, which is an investment pool. Cash balances and requirements of all funds are considered in determining the amount to be invested. Interest earned on pooled investments is allocated monthly to funds based on their average monthly balances.



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City does not have an adopted investment policy since it follows Florida Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts and certificates of deposit at banks certified as qualified public depositories by the State of Florida, repurchase agreements, Florida PRIME, obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds. In addition, the pension trust fund is allowed to invest in equity securities, corporate bonds, and mutual funds.

The City follows state statutes for allowable investments. However, state statutes do not specifically address the risks disclosed in GASB No. 40. No policy exists for the following risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

For all funds, except the pension trust fund which is required to be invested separately, investments consist of noninterest-bearing and interest-bearing bank accounts at financial institutions that qualify as public depositories and Florida PRIME. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280).

Florida PRIME meets the requirements of and is classified as a "2a-7 like" pool. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, Florida PRIME has adopted operating procedures consistent with the requirement for a "2a-7 like" pool and the fair value of the position in the pool is equal to the value of the pool's shares. Such investments are stated at amortized cost in the accompanying financial statements. Florida PRIME is rated by Standard and Poors and is currently rated AAAM. The weighted average days to maturity (WAM) at September 30, 2014, is 39 days. Next interest rate reset dates are used in the calculation of the WAM.

Investments of the pension trust fund consist of mutual funds and corporate stock. All investments, except Florida PRIME and as noted below, are reported at fair market value using quoted market prices. Money market investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings. Purchases and sales of investments are recorded on the trade dates. Net realized gains and losses on sale of investments are reflected in current operating results as investment earnings along with interest and dividends.

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues of the Electric Fund, Water and Sewer Fund, Solid Waste Fund, and the General Fund's mosquito control services are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories in the governmental and business-type activities consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

Governmental fund type inventories are recorded as expenditures when consumed (consumption method). Governmental fund type inventories are also recorded as assets and are offset by a reserve of fund balance indicating that such amounts do not represent "available spendable resources", even though they are a component of net current assets.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	<u>Years</u>
Buildings	40
Electric, water and sewer systems	30 - 50
Machinery and equipment	5 - 10
Improvements	10 - 20
Other infrastructure	10 - 40

Loan costs incurred in connection with the notes payable to a bank were being amortized (in previous years) over nine or ten years using the straight-line method. Bond issue costs associated with the Water and Sewer Revenue Bonds - Series 2007A and 2007B were being amortized (in previous years) over 39 years using the straight-line method.

During the year ended September 30, 2013, changes were made to reflect the effect of implementing GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities. This statement requires loan and bond issue costs to be shown as current-period outflows of resources (expenses). Restatement of the beginning net position of business-type activities to implement this change in accounting principle was made during the year ended September 30, 2013.

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic lights, etc. These infrastructure assets are the largest asset class of the City. Neither historical cost nor related depreciation of capital assets has historically (prior to 2003) been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2008. The City elected to implement all of the provisions of GASB Statement No. 34 in the fiscal year ended September 30, 2003.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balances

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position displays three components - invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations. Proprietary fund net position is classified the same as in the government-wide statements.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Commission through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City Commission. Assigned fund balance is a limitation imposed by a designee of the City Commission. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported for governmental and business-type activities in the period the inventory items are used, rather than in the period purchased. Governmental fund type inventories are recorded as expenditures when consumed.

Compensated Absences

The City accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used by employees in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as internal balances (government-wide statements) or as interfund receivables and payables (fund financial statements), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental activities and business-type activities are netted as transfers - internal in the government-wide financial statements.

Effective October 1, 2011, the City established a new enterprise fund, the Solid Waste Fund, by transferring assets and liabilities from the City's governmental activities (General Fund).

Proprietary Fund

The only nonoperating revenue for the Proprietary Fund was investment earnings and other miscellaneous revenues. All other revenues were considered operating revenues.

Capitalization Policy

The capitalization policy of the City is to capitalize all assets with a cost of \$1,000 or more with an expected life of one year or more.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

Implementation of Governmental Accounting Standards Board Statements with Impact on the Financial Statements

During the fiscal year ended September 30, 2014, the City implemented GASB Statement No. 67 *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The requirements of this Statement improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that is presented by the pension plans that are within its scope. The new information enhances the usefulness of the financial reports of these pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The net pension liability information, including ratios, offers an up-to-date indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the legally adopted budgetary data of the General, Special Revenue, and Capital Projects Funds and the Clewiston Redevelopment Agency as reflected in the financial statements:

1. During the summer of each year, the Finance Director submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Budgetary control is established at the fund level.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance required by City Charter and a Resolution required by the State of Florida.
4. The transfer of budgeted amounts within departments may be requested by department heads and may be made upon approval by the Finance Director and City Manager. The transfer of budgeted amounts between departments requires approval of the City Manager. Budgetary transfers between funds or changes in the total budget of a fund require approval of the City Commission through the passage of a resolution which is required to be posted on the City's website.
5. Budgets for the General, Special Revenue, and Capital Projects Funds and the Clewiston Redevelopment Agency are adopted on a basis that is substantially consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for all other funds have not been presented in this report.
6. The amended budget amounts as shown in these financial statements are as amended by the required approval process explained above.

Date of Management's Review

Management has evaluated subsequent events through June 12, 2015, the date on which the financial statements were available to be issued.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS

Cash

At year end, the City's cash consisted of petty cash totaling \$2,675 for all funds.

Deposits

At September 30, 2014, the carrying amount of the City's interest-bearing checking accounts was \$5,033,642 and the banks' balances were \$5,155,007. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)

Deposits (continued)

These deposits are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Depository Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

Florida Statutes authorize investments that include money market accounts, savings accounts repurchase agreements, the Florida State Board of Administration (SBA) Florida PRIME, obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds.

During the year, investments consisted of interest-bearing bank accounts, Florida PRIME, and an investment in a single employer defined benefit pension plan. At September 30, 2014, the City had the following investments:

Interest-bearing bank accounts	\$ 5,033,642
Florida PRIME	1,872,503
Investment in single employer defined benefit pension plan	<u>10,436,417</u>
	<u>\$17,342,562</u>

The City's use of short-term interest-bearing bank accounts in financial institutions that are covered by federal depository insurance or collateral pledged under Florida Statutes Chapter 280, makes credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk nominal or nonexistent in regards to these accounts.

The City invested surplus funds in an external investment pool, Florida PRIME. The Board of Trustees of the SBA (Trustees) consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Trustees will annually certify that Florida PRIME complies with the requirements of Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to applicable Florida law. The Trustees appoint an Investment Advisory Council and a Participant Local Government Advisory Council. Both Councils will, at least annually, review this policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in applicable Florida law.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)

Investments (continued)

As a Florida PRIME participant, the City invests in pools of investments whereby the City owns a share of the respective pool, not the underlying securities. In March 1997, GASB issued Statement 31 titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 applies to Florida PRIME.

GASB 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value (NAV). GASB 31 describes a "2a-7 like" pool as an "external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the 1940 Act)." Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions.

In June 2010, GASB issued Statement 59, titled "Financial Instruments Omnibus." GASB 59 clarifies the definition of a "2a-7 like" pool as an "external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended." To qualify as a 2a-7 like pool, the pool should satisfy all SEC requirements of Rule 2a-7, including that a group of individuals fulfills the functions of a board of directors. The pool is not required to register with the SEC. The SBA's interpretation of GASB 31, as amended by GASB 59, is that Florida PRIME is currently considered a SEC 2a7-like fund, thus the City's account balance should also be considered the fair value of its investment.

Investment Policies

GASB 40 requires the description of investment policies that are related to certain risks. It is our interpretation of GASB 40 that participants in an investment pool should disclose information related to credit risk and interest rate risk. Therefore, the City should disclose the investment policies that relate to the disclosures. Florida PRIME's investment policies can be found at [www.sbafla.com/prime](http://www.sbafla.com/prime).

Credit Quality Disclosure

Florida PRIME is rated by Standard and Poor's Rating Services. The current rate is AAAM.

Interest Rate Risk Disclosure

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2014, is 39 days. This WAM was calculated by the investment manager and includes all holdings, including \$300 million time deposit holding. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Foreign Currency Risk Disclosure

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2013, through September 30, 2014.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)

Investments (continued)

Securities Lending Disclosure

Since the City owns shares of Florida PRIME and not the underlying securities, it is the City's interpretation that they do not need to make a disclosure related to GASB 28. Florida PRIME did not participate in a securities lending program in the period October 1, 2013 through September 30, 2014.

The City sponsors a single employer defined benefit pension plan. Securian Retirement Services had responsibility for all administrative, actuarial, and investment management responsibilities of the City's defined benefit pension plan as of September 30, 2014.

At September 30, 2014, the City's pension plan had the following investments:

Large Cap U.S. Equity Mutual Funds	\$ 3,929,923
Small/Mid Cap U.S. Equity Mutual Funds	1,211,875
International Equity Mutual Funds	1,237,222
Fixed Income Mutual Funds	<u>4,057,397</u>
	<u>\$10,436,417</u>

The concentration of credit risk and foreign currency risk are addressed by having a diversified group of pooled funds with only 11.9% invested in international equity mutual funds.

More information regarding the pension plan can be found in Note 13 starting on page 58.

NOTE 3 - PROPERTY TAXES

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. There are some limitations as to the amount of the annual increase in tax levy; however, these limitations can be overridden by a majority vote of the City Commission. The tax levy rate for general government services for the year ended September 30, 2014, was \$6.1957 per \$1,000 and was adopted by resolution on September 23, 2013.

Ad valorem taxes are levied on property values as of January 1 with the millage established during September. The taxes are due and payable on November 1 of each year. Liens are placed on property as of January 1. All unpaid taxes become delinquent on April 1 following the year in which they are levied. Discounts are allowed for early payment based on a graduated scale until taxes paid in March are without any discount. On or prior to June 1 following the tax year, tax certificates are sold for all delinquent taxes.

The City accrues property tax revenue in the fund statements only to the extent that the revenue is measurable and available since the collection of these taxes coincides with the fiscal year in which levied, and the City consistently has no material uncollected property taxes at year end. The billing and collection of all property taxes is done for the City by Hendry County.



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 4 - INTERNAL BALANCES AND TRANSFERS - INTERNAL

Internal balances (receivables and payables) between the governmental activities and business-type activities as of September 30, 2014, were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$ 7,984	\$ 2,378,092
Clewiston Redevelopment Agency Fund	-	235
General Construction Fund	-	-
State Library Grant Fund	216	7,749
Business-type Activities		
Electric Fund	2,337,806	216
Water and Sewer Fund	41,116	207,856
Solid Waste Fund	208,036	1,010
Total	\$ 2,595,158	\$ 2,595,158

Interfund receivables and payables within the fiduciary funds were reclassified as receivables and payables to external parties in the Government-wide Statement of Net Position and on the individual fund balance sheets.

Operating transfers between the governmental activities and the business-type activities on the accrual basis for the fiscal year ended September 30, 2014, were as follows:

	Transfers-in	Transfers-out
Governmental activities		
General Fund	\$ 1,455,982	\$ 214,589
General Construction Fund	214,589	-
Business-type activities		
Electric Fund	-	1,003,855
Water and Sewer Fund	-	342,127
Solid Waste Fund	-	110,000
Total	\$ 1,670,571	\$ 1,670,571

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 5 - ACCOUNTS RECEIVABLE - GOVERNMENTAL ACTIVITIES AND BUSINESS - TYPE ACTIVITIES

Accounts receivable of the governmental activities and business-type activities, other than the accounts receivable from FMPA shown under restricted assets, consisted of the following as of September 30, 2014:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Billed	\$ 226,275	\$ 1,593,815
Unbilled	<u>60,115</u>	<u>1,180,980</u>
Total	286,390	2,774,795
Less allowance for doubtful accounts	<u>(11,280)</u>	<u>(166,035)</u>
	<u>\$ 275,110</u>	<u>\$ 2,608,760</u>

NOTE 6 - RESTRICTED INVESTMENTS AND ACCOUNTS RECEIVABLE - FMPA - BUSINESS TYPE ACTIVITIES

Restricted assets in the business-type activities were comprised of the following as of September 30, 2014:

	<u>Electric Fund</u>	<u>Water/Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Funds reserved for new construction and debt retirement	\$ 302,876	\$ 2,976,103	\$ -	\$ 3,278,979
Customer deposits and accrued interest on deposits	647,646	-	-	647,646
Funds reserved for FMPA working capital	<u>425,207</u>	<u>-</u>	<u>-</u>	<u>425,207</u>
	<u>\$ 1,375,729</u>	<u>\$ 2,976,103</u>	<u>\$ -</u>	<u>\$ 4,351,832</u>

NOTE 7 - CAPITAL ASSETS

Summary of Capital Assets - Governmental Activities

The following is a summary of capital assets of the governmental activities as of September 30, 2014:

Land	\$ 2,457,334
Buildings	4,383,892
Improvements other than buildings	10,308,423
Machinery and equipment	7,416,924
Construction in progress	<u>7,290</u>
	24,573,863
Less accumulated depreciation	<u>(15,304,050)</u>
	<u>\$ 9,269,813</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 7 - CAPITAL ASSETS (continued)

Changes in Capital Assets - Governmental Activities

The following is a summary of changes in capital assets of the governmental activities for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Land	\$ 2,457,334	\$ -	\$ -	\$ 2,457,334
Buildings	4,363,327	20,565	-	4,383,892
Improvements other than buildings	10,268,453	39,970	-	10,308,423
Machinery and equipment	7,284,621	145,316	13,013	7,416,924
Construction in progress	-	7,290	-	7,290
	24,373,735	213,141	13,013	24,573,863
Less accumulated depreciation	14,683,075	633,988	13,013	15,304,050
	<u>\$ 9,690,660</u>	<u>\$ (420,847)</u>	<u>\$ -</u>	<u>\$ 9,269,813</u>

Summary of Capital Assets - Business-type Activities

The following is a summary of capital assets of the business-type activities for the year ended September 30, 2014:

	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Total
Land	\$ 27,667	\$ 642,475	\$ -	\$ 670,142
Buildings	1,927,384	18,499	47,454	1,993,337
Improvements other than buildings	11,598,546	35,791,595	-	47,390,141
Machinery and equipment	1,996,149	1,771,746	1,472,775	5,240,670
Construction in progress	-	1,117,416	-	1,117,416
	15,549,746	39,341,731	1,520,229	56,411,706
Less accumulated depreciation	9,184,275	12,125,839	1,211,981	22,522,095
	<u>\$ 6,365,471</u>	<u>\$ 27,215,892</u>	<u>\$ 308,248</u>	<u>\$ 33,889,611</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

**NOTE 7 - CAPITAL ASSETS (continued)**

**Changes in Capital Assets - Business-type Activities**

The following is a summary of changes in capital assets for each enterprise fund for the year ended September 30, 2014:

<b>Electric Fund</b>	<b>Balance October 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2014</b>
Land	\$ 27,667	\$ -	\$ -	\$ 27,667
Buildings	1,927,384	-	-	1,927,384
Improvements other than buildings	11,581,926	16,620	-	11,598,546
Machinery and equipment	1,971,595	24,554	-	1,996,149
	15,508,572	41,174	-	15,549,746
Less accumulated depreciation	8,735,896	448,379	-	9,184,275
	<u>\$ 6,772,676</u>	<u>\$ (407,205)</u>	<u>\$ -</u>	<u>\$ 6,365,471</u>
<b>Water and Sewer Fund</b>	<b>Balance October 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2014</b>
Land	\$ 642,475	\$ -	\$ -	\$ 642,475
Buildings	18,499	-	-	18,499
Improvements other than buildings	35,712,097	79,498	-	35,791,595
Machinery and equipment	1,527,361	244,385	-	1,771,746
Construction in progress	1,117,416	-	-	1,117,416
	39,017,848	323,883	-	39,341,731
Less accumulated depreciation	11,305,856	819,983	-	12,125,839
	<u>\$ 27,711,992</u>	<u>\$ (496,100)</u>	<u>\$ -</u>	<u>\$ 27,215,892</u>
<b>Solid Waste Fund</b>	<b>Balance October 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2014</b>
Buildings	\$ 47,454	\$ -	\$ -	\$ 47,454
Machinery and equipment	1,472,775	-	-	1,472,775
	1,520,229	-	-	1,520,229
Less accumulated depreciation	1,131,282	80,699	-	1,211,981
	<u>\$ 388,947</u>	<u>\$ (80,699)</u>	<u>\$ -</u>	<u>\$ 308,248</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 36,032
Public safety	187,011
Physical environment	180
Transportation	161,571
Culture and recreation	219,322
Economic environment	22,148
Human services	<u>7,724</u>
 Total depreciation expense - governmental activities	 <u>\$ 633,988</u>
 Business-type activities	
Electric	\$ 448,379
Water and Sewer	819,983
Solid Waste	<u>80,699</u>
 Total depreciation expense - business-type activities	 <u>\$ 1,349,061</u>

NOTE 8 - EMPLOYEE ANNUAL LEAVE

As explained in Note 1, City employees may accumulate unused vacation pay within certain limits.

Records are maintained for employees showing the number of days leave accrued. The amount of vacation pay accrued in the governmental activities as a current accrued liability for the year ended September 30, 2014, was \$18,026. The amount accrued in the governmental activities as a noncurrent liability was \$213,181. The amount of accrued annual leave in the business-type activities was \$56,535. Currently, employees will lose unused vacation time in excess of 320 hours as of October 1 of each fiscal year.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 9 - LONG-TERM DEBT

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2014:

	Balance October 1, 2013	New Debt Issued	Retirement of Debt	Balance Sept. 30, 2014	Due Within One Year	Long-term Portion
<b>Governmental Activities</b>						
<b>General Fund</b>						
Advances from other fund	\$ 549,377	\$ 20,000	\$ 43,481	\$ 525,896	\$ 44,042	\$ 481,854
Compensated absences	215,183	-	2,002	213,181	-	213,181
<b>Business-type Activities</b>						
<b>Electric Fund</b>						
Note payable - bank	942,666	-	157,110	785,556	157,111	628,445
<b>Water and Sewer Fund</b>						
Revenue bonds payable	13,656,000	-	202,000	13,454,000	209,000	13,245,000
Note payable - bank	279,810	-	40,000	239,810	40,000	199,810
Notes payable - FDEP SRF	949,262	-	41,379	907,883	49,225	858,658
	<u>\$ 16,592,298</u>	<u>\$ 20,000</u>	<u>\$ 485,972</u>	<u>\$ 16,126,326</u>	<u>\$ 499,378</u>	<u>\$ 15,626,948</u>

Summary of Long-Term Debt

Long-term debt at September 30, 2014, is comprised of the following:

Governmental Activities

Advances From Other Fund

Advance payable by the General Fund to the Water and Sewer Fund, due in six remaining equal annual installments of \$29,700 and a final payment of \$31,948 in 2019. \$ 150,748

Advance payable by the General Fund to the Water and Sewer Fund, due in monthly installments equal to the principal collections on the General Fund's note receivable in connection with the industry development project at that City's commerce park. 375,148

Compensated Absences

As of September 30, 2014, other long-term liabilities consisted of the noncurrent portion of the compensated absences liability of the General Fund. 213,181

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 9- LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Business-type Activities

Electric Fund

Note Payable - Bank

Note payable to a bank, dated August 26, 2009, payable in nine annual level level payments of principal of \$157,111 due October 1 of each year with the first payment due on October 1, 2010. Interest payments shall be paid monthly with the first interest payment due on October 1, 2009 and on the first day of each month thereafter until principal amount of such loan is paid in full. The final maturity date of the loan is October 1, 2018.

The interest rate on this loan is at a fixed rate of 4.5% over the life of the loan provided that said interest on the note will be tax-exempt to the holder and is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986. If for any reason this loan should become a taxable obligation during its term or it should be determined to not be a "qualified tax-exempt obligation" within the meaning of Section 265 (b)(3) of the Internal Revenue Code of 1986, then the rate will adjust to its fully taxable equivalent rate of 6.59%.

This loan is secured by a pledge of the Net Revenues of the City of Clewiston Electric System on a senior lien basis.

785,556

Water and Sewer Fund

Water and Sewer Revenue Bonds - Series 2007A

4.125% revenue bonds payable, issued on June 7, 2007, to finance improvements to water system; payment of principal, interest, and reserve account contributions are secured by net revenues of the water and sewer system; interest only for 2007 and 2008, then bonds mature serially on September 1, each year until the year 2046.

7,473,000

Water and Sewer Revenue Bonds - Series 2007B

4.125% revenue bonds payable, issued on June 7, 2007, to finance improvements to water system; payment of principal, interest, and reserve account contributions are secured by net revenues of the water and sewer system; interest only for 2007 and 2008, then bonds mature serially on September 1, each year until the year 2046.

5,981,000

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Business-type Activities (continued)

Water and Sewer Fund (continued)

Note Payable - Bank

Note payable to a bank, dated April 21, 2010, payable in ten annual principal payments of \$40,000 due April 21, of each year with the first principal payment due on April 21, 2011. Interest shall be paid in arrears monthly at the rate of 4.75%, commencing on May 21, 2010. The final maturity date of the loan is April 21, 2020. Proceeds from the loan were used to construct improvements to the sewer system.

239,810

Notes Payable - Florida Department of Environmental Protection - State Revolving Fund

Notes payable to Florida Department of Environmental Protection - State Revolving Fund with the beginning of the repayment period to be October 15, 2010. The two notes are payable in forty semi-annual payments in a combined amount of \$30,940, including interest at the rate of 1.42%, beginning April 15, 2011. The maturity date of the loans is October 15, 2030. Proceeds from the loans were used to construct improvements to the sewer system. As of September 30, 2013, the entire proceeds under the two notes had been received by the City.

907,883

\$ 16,126,326

Annual Requirements to Amortize Debt Principal and Interest of Governmental Activities

The annual requirements to amortize the debt outstanding of the governmental-type activities as of September 30, 2014, are as follows:

Year Ending Sept. 30	Advances Payable - Water and Sewer Fund		
	Interest	Principal	Total
2015	\$ -	\$ 44,042	\$ 44,042
2016	-	44,626	44,626
2017	-	45,235	45,235
2018	-	45,868	45,868
2019	-	48,775	48,775
2020-2024	-	94,990	94,990
2025-2029	-	115,982	115,982
2030-2033	-	86,378	86,378
	<u>\$ -</u>	<u>\$ 525,896</u>	<u>\$ 525,896</u>

Annual maturities of the long-term compensated absences in the governmental activities cannot be reasonably determined.



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

**NOTE 9 - LONG-TERM DEBT (continued)**

**Summary of Long-term Debt (continued)**

**Annual Requirements to Amortize Debt Principal and Interest of Business-type Activities**

The annual requirements to amortize the debt outstanding of the business-type activities as of September 30, 2014, including interest payments of \$73,646 on the Electric Fund's note payable and interest payments of \$11,175,173 on the Water & Sewer Fund's revenue bonds and notes payable are as follows:

Year Ending Sept. 30,	Electric Fund Note Payable - Bank			Water and Sewer Fund Revenue Bonds Payable		
	Interest	Principal	Total	Interest	Principal	Total
2015	\$ 28,869	\$ 157,111	\$ 185,980	\$ 554,978	\$ 209,000	\$ 763,978
2016	21,799	157,111	178,910	546,356	218,000	764,356
2017	14,729	157,111	171,840	537,364	227,000	764,364
2018	7,660	157,111	164,771	528,000	236,000	764,000
2019	589	157,112	157,701	518,265	247,000	765,265
2020-2024	-	-	-	2,430,202	1,392,000	3,822,202
2025-2029	-	-	-	2,118,311	1,705,000	3,823,311
2030-2034	-	-	-	1,736,543	2,086,000	3,822,543
2035-2039	-	-	-	1,269,221	2,554,000	3,823,221
2040-2044	-	-	-	696,960	3,128,000	3,824,960
2045-2046	-	-	-	90,750	1,452,000	1,542,750
	<u>\$ 73,646</u>	<u>\$ 785,556</u>	<u>\$ 859,202</u>	<u>\$ 11,026,950</u>	<u>\$ 13,454,000</u>	<u>\$ 24,480,950</u>

Year Ending Sept. 30,	Water and Sewer Fund Note Payable - Bank			Water and Sewer Fund Notes Payable - Florida DEP SRF		
	Interest	Principal	Total	Interest	Principal	Total
2015	\$ 10,599	\$ 40,000	\$ 50,599	\$ 12,654	\$ 49,225	\$ 61,879
2016	8,699	40,000	48,699	11,956	49,923	61,879
2017	6,799	40,000	46,799	11,248	50,631	61,879
2018	4,899	40,000	44,899	10,530	51,349	61,879
2019	2,999	40,000	42,999	9,802	52,077	61,879
2020-2024	1,103	39,810	40,913	37,726	271,671	309,397
2025-2029	-	-	-	17,912	291,485	309,397
2030-2034	-	-	-	1,297	91,522	92,819
2035-2039	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-
2045-2046	-	-	-	-	-	-
	<u>\$ 35,098</u>	<u>\$ 239,810</u>	<u>\$ 274,908</u>	<u>\$ 113,125</u>	<u>\$ 907,883</u>	<u>\$ 1,021,008</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Annual Requirements to Amortize Debt Principal and Interest of Business-type Activities (continued)

Year Ending Sept. 30,	Total Long-term Debt		
	Interest	Principal	Total
2015	\$ 607,100	\$ 455,336	\$ 1,062,436
2016	588,810	465,034	1,053,844
2017	570,140	474,742	1,044,882
2018	551,089	484,460	1,035,549
2019	531,655	496,189	1,027,844
2020-2024	2,469,031	1,703,481	4,172,512
2025-2029	2,136,223	1,996,485	4,132,708
2030-2034	1,737,840	2,177,522	3,915,362
2035-2039	1,269,221	2,554,000	3,823,221
2040-2044	696,960	3,128,000	3,824,960
2045-2046	90,750	1,452,000	1,542,750
	<u>\$ 11,248,819</u>	<u>\$ 15,387,249</u>	<u>\$ 26,636,068</u>

Water and Sewer Revenue Bond Covenants

The Resolution authorizing the issuance of the Water and Sewer Revenue Bonds requires the City to establish and maintain the following funds and establish adequate utility rates:

1. Revenue Fund - to receive all of the gross revenues derived from the operations of the Water and Sewer System. The Fund shall be used to pay the operation and maintenance expenses of the System and make the required monthly transfers to the other specified funds.
2. Water and Sewer Refunding Revenue Bonds, Sinking Fund - sums funded monthly sufficient to pay the interest and principal due each September 1.
3. Reserve Account to the Sinking Fund - sums funded monthly equal to 1/120 of the maximum annual bond service requirements until the reserve equals or exceeds the maximum annual bond service requirement. The reserve account to the sinking fund was completely funded as of September 30, 2014.
4. Short Lived Asset Reserve Fund - to receive a monthly transfer of one-twelfth of the specified amount of \$42,333 until the Short Lived Asset Reserve Fund reaches \$635,000. The funds are to be used for (1) emergency maintenance (2) extensions to the system or, (3) replacement of short lived assets which have a useful life less than the repayment period of the bonds. The short lived asset reserve fund was completely funded as of September 30, 2014.
5. Redemption Account Fund - the balance of the gross revenues after payment of operating expenses and required transfers can be deposited into the Redemption Account or the excess funds can be used for any lawful purpose. The funds in the Redemption Account should be used for redeeming bonds for retirement at a price not to exceed par and accrued interest.
6. The City shall establish utility rates sufficient to produce revenues which are equal to or greater than the operating expenses of the water and sewer systems, less depreciation, plus all bond sinking and reserve requirements.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 10 - NET POSITION AND FUND BALANCES

Restrictions of net position and classifications of fund balances of the City are created to either (1) satisfy legal covenants that require that a portion of the net position/fund balance be segregated, or (2) identify the portion of net position/fund balance that is not appropriable for future expenditures. Specific restrictions of net position and classifications of fund balances are as follows:

Restricted for Community Redevelopment

This restriction was created to segregate a portion of net position for monies designated for future community redevelopment within the Community Redevelopment Agency.

Restricted for Construction and Debt Retirement

This restriction was created to segregate that portion of net position for monies which have been designated for future construction or debt retirement. During the year ended September 30, 1992, the City established an Electric Capital Improvement Fund to, (1) replace equipment damaged by a hurricane or other disaster, (2) maintain rate stabilization or, (3) provide capital improvements to the system, as well as make payments on debt associated with capital improvements to the system. Within the Water and Sewer Fund, all impact fees which have been collected are designated for future construction.

Restricted for Working Capital - FMPA

This restriction was created to segregate a portion of net position for working capital funds which have been sent to FMPA and will be returned to the City at a future undetermined date.

Nonspendable Fund Balance

This classification of fund balance represents the portion of the fund balance that is not available for current expenditures because it is in the form of prepaid expenses, inventory, and a note receivable.

Restricted Fund Balance

This portion of the fund balance has been restricted for future community development within the Community Redevelopment Agency.

Held in Trust for Pension Benefits

This restriction of net position was created to designate the use of all resources contributed to or earned by the Pension Trust Fund for pension benefits to employees and their designated beneficiaries.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

**NOTE 11 - SEGMENT INFORMATION**

The following is a list of key segment information for the business-type activities as of and for the year ended September 30, 2014:

	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Total
<b>Assets</b>				
Current assets	\$ 5,555,210	\$ 6,662,986	\$ 788,117	\$ 13,006,313
Capital assets	6,365,471	27,215,892	308,248	33,889,611
Other assets	425,207	-	-	425,207
<b>Liabilities</b>				
Current liabilities	1,505,531	684,053	54,165	2,243,749
Long-term liabilities	628,445	14,303,468	-	14,931,913
<b>Net position</b>				
Invested in capital assets, net of related debt	5,579,915	12,614,199	308,248	18,502,362
Restricted	721,136	2,926,105	-	3,647,241
Unrestricted	3,910,861	3,351,053	733,952	7,995,866
Charges for services	11,662,948	3,468,781	1,113,355	16,245,084
Operating expenses	10,617,716	3,114,087	1,063,179	14,794,982
Operating income	1,045,232	354,694	50,176	1,450,102
Non-operating revenues (expenses)	(20,531)	(561,200)	1,890	(579,841)
Capital contributions	-	28,665	-	28,665
Operating transfers-out	(1,003,855)	(342,127)	(110,000)	(1,455,982)
Changes in net position	20,846	(519,968)	(57,934)	(557,056)
Beginning net position	10,191,066	19,411,325	1,100,134	30,702,525
Ending net position	10,211,912	18,891,357	1,042,200	30,145,469
<b>Net cash provided by (used for):</b>				
Operating activities	994,824	1,120,331	115,066	2,230,221
Noncapital financing activities	(882,703)	(69,567)	(115,067)	(1,067,337)
Capital and related financing activities	(235,623)	(1,105,929)	-	(1,341,552)
Investing activities	353	31,102	1,890	33,345
Beginning cash and cash equivalents	1,213,072	4,194,390	377,063	5,784,525
Ending cash and cash equivalents	1,089,923	4,170,327	378,952	5,639,202

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

**NOTE 12 - OPERATING GRANTS, CAPITAL GRANTS, AND OTHER CONTRIBUTIONS**

The following is a schedule of operating grants, capital grants, and other contributions received by the City during the fiscal year ended September 30, 2014.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Federal Awards Programs	\$ 405,068	\$ -	\$ 405,068
State Financial Assistance	121,324	-	121,324
Contributions from Hendry County	182,342	-	182,342
Contributions from citizens, customers, and developers	44,586	8,665	53,251
Contributions from private foundations	80,000	-	80,000
Contribution from Community Redevelopment Agency	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 833,320</u>	<u>\$ 28,665</u>	<u>\$ 861,985</u>

See pages 75 to 78 for more information concerning federal awards programs and state financial assistance. The contributions from Hendry County were used for culture and recreational activities and road improvements. Current year contributions to the governmental activities from citizens were through a recreational voluntary contribution program, other recreational contributions, and contributions to the public library. Current year contributions to the business-type activities from customers and developers consisted of impact fees paid as required by a City ordinance. The impact fees are reserved for current and future construction. Contributions from private foundations were for cultural and recreational programs. The Community Redevelopment Agency contributed \$20,000 toward the South Side Sewer Project debt repayment during the fiscal year ended September 30, 2014.

**NOTE 13 - PENSION PLANS FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS**

**Defined Benefit Plan**

The City sponsors a single employer defined benefit pension plan. Securian Retirement Services was appointed by the City as plan administrator and was responsible for all administrative, actuarial, and investment management decisions for the City of Clewiston Pension Plan (Plan) during the fiscal year ended September 30, 2014. Future retirees will have their benefits paid directly from the plan assets instead of through purchased annuities.

The City elected to freeze the benefits, except for cost of living increases, under the defined benefit plan effective October 1, 2012. No new members will be added to the plan after September 30, 2012.

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Pension Trust Fund in the City's financial statements on pages 31 and 32. Information about the Plan is provided in a summary plan description. Also, a breakdown of the Plan's investments as of September 30, 2014, is included in Note 2 on page 45.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 13 - PENSION PLANS FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS (continued)

Defined Benefit Plan (continued)

The actuarial cost method determines what portion of the total cost of a pension plan should be allocated to the current plan year. The method is thus a budgeting tool which helps to ensure that the pension plan will be adequately and systematically funded.

For plan years beginning October 1, prior to plan year October 1, 2012, the aggregate actuarial cost method was used to actuarially determine the contributions to the plan.

For the plan years beginning October 1, 2012, and October 1, 2013, the projected unit credit actuarial cost method was used to actuarially determine the contributions to the plan.

For the plan year beginning October 1, 2014, the entry age normal funding method was used, as required by GASB 67/68, which spreads the cost of the benefits from hire to expected decrement age. Under the individual entry age normal cost method, the normal cost is the level amount which would exactly fund, for any individual, his projected benefit at retirement, if it were contributed from date of eligibility until retirement. The accrued liability is the excess of the present value of the projected benefits over the present value of future normal costs. The unfunded accrued liability is that portion of the accrued liability in excess of plan assets. When the actual experience deviates from the actuarial assumptions, gains or losses are produced. The amounts, along with the unfunded accrued liability, are amortized separately from the annual normal costs. The effect of cost-of-living increases in the IRC Section 415 dollar limitation on benefits and in the IRC Section 401(a)(17) limitation on compensation is treated as part of the actuarial gain (loss).

The actuarial value of assets equals the contract value of assets held in an insurance company general account (unallocated contracts), plus the market value of assets held in pooled separate accounts, adjusted for the value of any contributions which may be receivable or prepaid as of the valuation date.

The plan covers all full-time regular employees, except firefighters, police officers, and City Commissioners, who have met the service requirement of one year. The normal retirement benefit is determined as an amount equal to 1.8% of average compensation times years of service. Average compensation is the monthly average of total pay received for five consecutive years out of the ten latest years before retirement date which gives the highest average. The average compensation used for the September 30, 2012, frozen benefit includes the compensation year ending December 31, 2012. The normal retirement date of a participant occurs when he/she has attained age 65 and five years of plan participation. Participants of the plan become fully vested after five years of service. Early retirement benefits are available after an employee has attained age 55 and ten years of service. Benefits available based on early retirement are reduced to reflect the time difference between the early retirement date and the normal retirement date. Employees in the active employment of the City may retire with an unreduced retirement benefit after the attainment of age 62 and completion of ten years of service. Disability and Spouses' Annuity Death Plan benefits are also available under the plan. The pension plan was established in 1968 by resolution of the City Commission. All contributions to the plan are made by the City.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 13 - PENSION PLANS FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS (continued)

Defined Benefit Plan (continued)

As of October 1, 2014, (the date of the latest available valuation report) employee membership data used in the calculation of the pension obligation was as follows:

Active members	66
Retirees and beneficiaries currently receiving benefits	47
Terminated employees entitled to benefits but not yet receiving them	<u>59</u>
Total participants included in the Plan valuation	<u>172</u>

For the fiscal year ended September 30, 2014, the City's total payroll for all employees was approximately \$4,339,000 and the City's total covered payroll was zero because the plan was frozen as of October 1, 2012. Covered payroll refers to all compensation paid by the City to active employees covered by the pension plan on which contributions to the pension plan are based.

The annual required contribution of the City for the year ended September 30, 2014, using the Projected Unit Credit actuarial cost method, was \$129,827. This amount represented the normal cost of the plan at the beginning of the year in the amount of \$9,477 and amortization amounts of \$120,350.

In accordance with Governmental Accounting Standards Board's Statement Number 27, an actuarial valuation to determine the carryforward of net pension obligation, as of October 1, 2014, (the date of the latest available valuation report) was performed by Securian Retirement Services.

The estimated carryforward of net pension obligation for the plan year beginning October 1, 2014, is as follows:

Annual required contribution for plan year ending September 30, 2014	\$ 129,827
Interest on net pension obligation	53,910
Adjustment to annual required contribution	<u>(62,063)</u>
Annual pension cost for plan year ending September 30, 2014	121,674
Actual contributions made	<u>(360,000)</u>
Decrease in net pension obligation	(238,326)
Net pension obligation - beginning of plan year	<u>770,143</u>
Net pension obligation - end of plan year	<u>\$ 531,817</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
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NOTE 13 - PENSION PLANS FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS (continued)

Defined Benefit Plan (continued)

The recommended contribution for the plan year beginning October 1, 2014, is \$75,515. Since the plan accruals are frozen, the unit credit funding method was used. If the sum total of amortizations of method changes, assumption changes, plan changes and gains and losses is less than the total unfunded liability amortized over 30 years, then the minimum will be based on the 30 year amortization of the unfunded liability.

Changes in Plan Benefits, Actuarial Cost Method, and Actuarial Assumptions

There were no changes in the plan benefits, actuarial cost method, and actuarial assumptions between the plan years beginning October 1, 2012, and October 1, 2013.

1. Effective September 30, 2012, the plan benefits, except for cost of living increases, were frozen. The plan benefits hard freeze included compensation for the calendar year ended December 31, 2012.
2. Due to the benefit change, the actuarial cost method was changed from the aggregate actuarial cost method to the projected unit actuarial cost method as of the plan year beginning October 1, 2012.

For the plan year beginning October 1, 2014, the actual cost method was changed from the projected unit actuarial cost method to the entry age normal funding method.

Significant Actuarial Assumptions

1. The valuation interest rate utilized is 7.0%.
2. There are no salary projections for compensation to determine plan benefits since the plan was frozen at September 30, 2012.
3. The plan reflects an annual cost of living increase of 3%.

Other assumptions used in Securian Retirement Services' actuarial report included pre-retirement mortality rates as shown in the IRS Prescribed Mortality RP2000 - Generational Non-annuitant and post-retirement mortality rates as shown in the IRS Prescribed Mortality RP2000 - Generational Annuitant. Anticipated retirement age was considered to be the earlier of age 62 and 10 years of service or age 65 and five years of service. Disability rates are as shown by the 1987 Commissioner's Group Disability Table and it was assumed that 75% of participants would be married at retirement age.



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

**NOTE 13 - PENSION PLANS FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS (continued)**

**Defined Benefit Plan (continued)**

Present values of vested and nonvested accrued benefits are based on the valuation assumptions as described above. Present value of accumulated plan benefits and change in present value of accumulated plan benefits as of October 1, 2014, (the date of the latest available valuation report) are as follows:

**Present Value of Accumulated Plan Benefits**

Present value of vested benefits	
Retired members	\$ 5,528,740
Inactive members	1,458,552
Active members	<u>4,010,447</u>
Subtotal	10,997,739
Present value of nonvested benefits	<u>259,043</u>
Total present value of accumulated plan benefits as of October 1, 2014	<u>\$11,256,782</u>

**Change in Present Value of Accumulated Plan Benefits**

Present value of accumulated plan benefits as of October 1, 2013	\$10,970,858
Increase (decrease) during the year due to:	
Plan amendment	-
Change in actuarial assumptions or methods	-
Benefits accumulated, gains/losses	(60,343)
Increase for interest due to decrease in the discount period	753,700
Benefits paid	<u>(407,433)</u>
Net increase	<u>285,924</u>
Present value of accumulated plan benefits as of October 1, 2014	<u>\$11,256,782</u>

See page 69 which shows a schedule of changes in net pension liability and related ratios for the City's defined benefit plan (Plan), page 70 which shows a schedule of employer contributions to the Plan, and page 71 which shows a schedule of funding progress for the Plan.

The actuarial valuation report is available at the administrative offices of the City.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 13 - PENSION PLANS FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS  
(continued)

Defined Contribution Plan

Effective October 1, 2012, the City adopted a Supplemental Retirement Income Plan, a defined contribution plan, for all full-time regular employees other than firefighters, police officers, and City Commissioners. The plan is administered by the City of Clewiston in accordance with Internal Revenue Code Section 401(a). The City Commission has the authority to establish and amend benefit provisions.

The City contributes 6% of each employee's qualified salary (excluding fire fighters, police officers, City Commissioners, and all part-time employees) and all amounts are vested immediately. All contributions to the plan are to be made by the City. The City Commission has the authority to establish and amend contribution requirements. All of the required contributions for the fiscal year ended September 30, 2014, were made by the City which totaled \$166,445.

NOTE 14 - DEFINED BENEFIT RETIREMENT PROGRAM FOR CERTIFIED POLICE OFFICERS

Membership in the Florida Retirement System is compulsory for all of the City's certified police officers hired after February 1, 2004. All certified police officers hired prior to February 1, 2004, were allowed to elect to participate in the Florida Retirement System or remain in the existing City pension plan. The Florida Retirement System is a multiple-employer, cost-sharing retirement system. It was created December 1, 1970, with consolidation of the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972 the Judicial Retirement System was also consolidated with the Florida Retirement System. The Florida Retirement System was created to provide a retirement and survivor benefit program for participating public employees. Social Security coverage is also provided to all members. The City's payroll for employees covered by the Florida Retirement System for the year ended September 30, 2014, was approximately \$815,600. The City's total payroll for the police department was approximately \$1,069,300.

The Florida Retirement System has five classes of membership. The City's employees belong to one of the five classes, the Special Risk Class, consisting of certified law enforcement officers.

Members of the special risk class are eligible for normal retirement when they have met the following minimum requirements:

Special Risk Class

Members initially enrolled before July 1, 2011 - vested with 6 years of special risk service and age 55; or the age after 55 that the member becomes vested; or 25 years of service, consisting of both special risk service and up 4 years of wartime military service, and age 52; or 25 years of special risk service, regardless of age; or 30 years of any creditable service, regardless of age.

Members initially enrolled on or after July 1, 2011 - vested with 8 years of special risk service and age 60; or the age after 60 that the member becomes vested; or 30 years of special risk service, regardless of age; or 33 years of any creditable service, regardless of age.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 14 - DEFINED BENEFIT RETIREMENT PROGRAM FOR CERTIFIED POLICE OFFICERS (continued)

Early retirement or reduced retirement may be taken any time after a member has vested and is within 20 years of his/her normal retirement age. However, there is a 5% benefit reduction for each year remaining from a member's retirement age to his/her normal retirement age. Employees who retire after they are vested are entitled to a retirement benefit, payable monthly for life, equal to 3% of their average final compensation for each year of credited service on or after October 1, 1974, depending on the years served. For members initially enrolled before July 1, 2011, the average final compensation is the employee's average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensations is the employee's average of the eight highest fiscal years' earnings.

Benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. The "pension benefit obligation" is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users (1) assess the Florida Retirement System's funding status on a going-concern basis, (2) assess progress in accumulating sufficient assets to pay benefits when due, and (3) make comparisons among Public Employee Retirement Systems. The measure is independent of and should not be confused with the actuarial funding method used to determine contributions to the Florida Retirement System.

Effective July 1, 2011, employees were required to contribute 3% of their gross covered payroll. The funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. The level percentages of payroll method is also used to amortize the unfunded liability over a period of 30 years, and to amortize each change in actuarial assumptions. Effective January 1, 1989, the Florida Legislature adopted contribution rates on a graduated scale during each of the next five years to amortize the unfunded liability as of June 30, 1987, over 30 years. The City contribution rates as of September 30, 2014, were based on 18.56% of covered payroll for the special risk class.

Total pension costs connected with the FRS for the City for the year ended September 30, 2014, were approximately \$144,100 which is approximately 17.7% of the covered payroll for that period.

The Florida Retirement System Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the Florida Retirement System Trust Fund and earn monthly interest equivalent to an annual rate of 1.3%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 11.02% of salary for all DROP participants.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 14 - DEFINED BENEFIT RETIREMENT PROGRAM FOR CERTIFIED POLICE OFFICERS (continued)

In 1987, the Florida Legislature established the Retiree Health Insurance Subsidy to assist retirees in paying health insurance costs. Eligible retirees received \$3 per month for each year of creditable service, up to 30 years, provided the retiree has proof of health insurance coverage. The program is funded by required contributions from the Florida Retirement System participating employers. Each employer contributes 1.26% of covered payroll for all active employees. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or cancelled. The cost of the program for the City for the year ended September 30, 2014, was approximately \$9,900.

Historical Trend Information

Historical information presenting the Florida Retirement System's progress in accumulating sufficient assets to pay benefits when due is presented in the Florida Retirement System annual report.

NOTE 15 - DEFERRED COMPENSATION PLAN

Employees of the City may defer a portion of their compensation under the City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until the funds are distributed to them.

The laws governing deferred compensation plans require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Because the assets held under these plans are not the City's property and are not subject to City Commission control, they have been excluded from these financial statements.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Florida Municipal Power Agency - Power Sales and Project Support Contracts

The City is a member of the Florida Municipal Power Agency (FMPA) with a membership of thirty-one municipal electric systems. The City is a participant in FMPA's St. Lucie and All-Requirements Projects. The FMPA issued revenue bonds to acquire an ownership interest in the St. Lucie Project and the All-Requirements Project. FMPA has pledged its interest under certain Power Sales Contracts and Project Support Contracts entered into with the participants of the project as security for the bonds. Under the Power Sales Contract, the City has agreed to purchase its entitlement share of the generation capability of the St. Lucie and All-Requirements Projects along with the transmission services for any month electric capacity or energy was made available to the City.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 16 - COMMITMENTS AND CONTINGENCIES (continued)

Florida Municipal Power Agency - Power Sales and Project Support Contracts (continued)

The City's entitlement share totals approximately 2.2% of FMPA's entitlement in the St. Lucie Project and 2.1% of FMPA's entitlement in the All-Requirements Project. In the event payments are not required to be made for any month by the City under its Power Sales Contract because electric capacity and energy were not available, the City would be required to make monthly payments under its Project Support Contract equal to the payment which would have been required under the Power Sales Contract.

Payments under the Power Sales Contract are operating expenses of the electric system, but payments under the Project Support Contracts are not and, therefore, are to be made after payment of operating expenses, debt service and any other payments required to be made under debt instruments.

The City previously entered into a Capacity and Energy Sales Contract with certain other participants. Under this contract, the City agreed to sell the capacity and energy from its respective entitlement share of the project to certain purchasing systems. The purchasing systems agreed to purchase such capacity and energy and to provide back-up capacity and energy. The City remains obligated for payments pursuant to its Power Sales and Project Support Contracts. The City's pro rata share of the Agency's operating deficit for the year ended September 30, 2014, was not material in relation to the City's total electrical system expenditures.

Grants and Assistance

Activities of certain funds of the City are financed in whole or in part by various forms of grants and assistance, principally from Hendry County, the State of Florida, and the federal government. There can be no absolute assurance that such assistance will continue in the future at the present levels. Amounts received from grantor agencies are subject to audit or adjustment by grantor agencies. Also, any amounts disallowed could constitute liabilities of the applicable funds.

During the current year, the City was notified by the State of Florida, Department of Economic Opportunity, that the City had not met the employment goals required by the CDBG grant related to the City's development of the park of commerce. Therefore, grant funds previously paid to the City in the amount of \$360,288 may have to be repaid.

Litigation

The City, in accordance with the normal conduct of its affairs, is involved in various judgments, claims, and litigation. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

NOTE 17 - RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2014, the General Fund charged the Enterprise Funds \$212,331 for administrative services. The Electric Fund charged the General Fund \$4,145 for customer billing and collection services related to the General Fund's mosquito services. The Electric Fund charged the Water and Sewer Fund \$57,032 for customer billing related to water and sewer services and the Solid Waste Fund \$17,659 for customer billing related to garbage services.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of a public entity risk pool which is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The pool provides coverage for property, liability, public officials' liability, workers' compensation, automobile physical damage, general liability, and automobile liability. The cost of the property and casualty insurance and workers' compensation is accounted for in the governmental activities and business-type activities of the City. There were no settled claims which exceeded insurance coverage during the past three fiscal years.

A loss fund is established to pay the self-insured retention amounts. Self-insured per occurrence limits are \$100,000 for property and liability claims, \$150,000 for workers' compensation, and \$25,000 for crime related claims. Any claims in excess of these established limits are covered by aggregate excess or stop loss insurance. The City financial reporting entity is covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the liability of individual claims to \$100,000/\$200,000 for all claims relating to the same incident.

To satisfy GAAP/statutory accounting and regulatory reporting requirements, the pool (Public Risk Management of Florida) retained Casualty Actuarial Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2014, (the date of the latest claims liability evaluation). The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2014. When the ultimate losses ceded under aggregate excess insurance of \$10,819,930 is included, the indicated funding adequacy translates to a claims fund surplus of \$10,651,552. This balance is on a net basis, after specific and aggregate excess insurance.

The City provides hospitalization and medical coverage through commercial insurance carriers.

Major uninsurable risks include damages to infrastructure assets and damages or governmental fines due to seepage, pollution, or contamination of any kind. Since the amounts of loss cannot be reasonably estimated and the likelihood is undeterminable, no provision for such occurrences is included in these financial statements.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2014

NOTE 19 - OVER EXPENDITURES

At September 30, 2014, the following items within the governmental funds had expenditures exceeding their budgeted amounts:

<u>Expenditure Type</u>	<u>Over Expenditure</u>
General Fund	
Current	
Physical environment	\$ 291
Debt Service	
Principal retirement	12,608
General Construction Fund	
Current	
Economic environment	214,589

NOTE 20 - SUBSEQUENT EVENTS

The planning, engineering, and permitting phase for the wastewater treatment plant expansion project was completed during the year ended September 30, 2011. As of September 30, 2014, the City had expended \$1,117,500 for the initial phase of the wastewater treatment plant expansion project. The commencement date of construction on the project is dependent upon the availability of grant funding or the addition of a major customer.

Management has evaluated subsequent events through June 12, 2015, the date which the financial statements were available for issue.

CITY OF CLEWISTON, FLORIDA  
Schedule of Changes in Net Pension Liability and  
Related Ratios - Defined Pension Benefit Plan  
Fiscal Year Ending September 30, 2014

Total pension liability	
Service cost	\$ -
Interest	753,700
Changes of benefit terms	-
Differences between expected and actual experience	(60,343)
Changes in assumptions and method	(768,920)
Benefit payments, including refunds of member contributions	<u>(407,433)</u>
Net change in total pension liability	(482,996)
Total pension liability - beginning	<u>10,970,858</u>
Total pension liability - ending (a)	<u>\$ 10,487,862</u>
Fiduciary net position	
Contributions - employer	\$ 360,000
Contributions - member	-
Net investment income	1,110,956
Benefit payment, including refunds of member contributions	(407,433)
Administrative expense	-
Other	<u>-</u>
Net change in plan fiduciary net position	1,063,523
Plan fiduciary net position - beginning	<u>9,372,894</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,436,417</u>
Net pension liability - ending (a) - (b)	<u>\$ 51,445</u>
Plan fiduciary net position as a percentage of the total pension liability	99.51%
Covered employee payroll	<u>\$ -</u>
Net pension liability as a percentage of covered employee payroll	N/A
1% sensitivity analysis	
Net pension liability - discount rate	<u>\$ 10,487,862</u>
Net pension liability - discount rate -1%	<u>\$ 11,788,834</u>
Net pension liability - discount rate +1%	<u>\$ 9,389,901</u>



CITY OF CLEWISTON, FLORIDA  
 Schedule of Employer Contributions to  
 Defined Benefit Pension Plan  
 September 30, 2014

<u>Year Ending September 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 390,430	\$ 390,430	100.00%	\$ -
2006	422,701	422,701	100.00%	-
2007	290,988	290,988	100.00%	-
2008	297,996	297,996	100.00%	-
2009	404,902	404,902	100.00%	-
2010	525,216	525,216	100.00%	-
2011	491,049	491,049	100.00%	-
2012	802,061	-	0.00%	802,061
2013	238,320	238,320	100.00%	770,143
2014	129,827	360,000	277.29%	531,817

CITY OF CLEWISTON, FLORIDA  
Schedule of Funding Progress for  
Defined Benefit Pension Plan  
September 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll For Twelve Month Period Beginning With Actuarial Valuation Date</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
October 1, 2005	\$ 5,380,762	\$ 5,380,762	\$ -	100%	\$ 2,344,950	0%
October 1, 2006	6,294,961	6,294,961	-	100%	2,153,634	0%
October 1, 2007	7,155,097	7,563,313	408,216	95%	2,392,475	17%
October 1, 2008	7,456,410	8,670,382	1,213,972	86%	2,538,659	48%
October 1, 2009	7,378,850	9,542,385	2,163,535	77%	2,627,530	82%
October 1, 2010	7,811,043	9,687,335	1,876,292	81%	2,539,065	74%
October 1, 2011	7,765,081	11,470,505	3,705,424	68%	2,736,523	135%
<sup>1</sup> October 1, 2012	8,267,261	10,890,264	<sup>2</sup> 2,623,003	76%	2,766,512	109%
October 1, 2013	9,372,894	10,970,858	1,597,964	85%	-	-
<sup>3</sup> October 1, 2014	10,436,417	10,487,862	51,445	99%	-	-

- 1) October 1, 2012, the funding method changed from aggregate to projected unit credit and the asset valuation method was changed to market value of assets.
- 2) Re-establish actual unfunded actuarial liability due to benefit freeze and cost method change.
- 3) October 1, 2014, the funding method changed from projected unit credit to entry age normal level percentage of compensation (inflation).

CITY OF CLEWISTON, FLORIDA  
Schedule of Revenues and Expenses -  
Business-type Activities - Water and Sewer Fund  
Water and Sewer Systems  
Year Ended September 30, 2014

	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Operating revenues			
Charges for services	<u>\$ 2,141,588</u>	<u>\$ 1,327,193</u>	<u>\$ 3,468,781</u>
Operating expenses			
Personal services	217,221	327,909	545,130
Contractual services	704,356	211,490	915,846
Supplies	28,483	94,684	123,167
Utilities	257,430	182,565	439,995
Insurance	21,431	13,795	35,226
Repairs and maintenance	47,672	177,344	225,016
Depreciation	507,032	312,951	819,983
Miscellaneous	1,884	3,247	5,131
Bad debts	<u>2,833</u>	<u>1,760</u>	<u>4,593</u>
Total operating expenses	<u>1,788,342</u>	<u>1,325,745</u>	<u>3,114,087</u>
Operating income	<u>353,246</u>	<u>1,448</u>	<u>354,694</u>
Nonoperating revenues (expenses)			
Interest income	6,700	20,078	26,778
Miscellaneous	-	7,590	7,590
Gain on investment	-	-	-
Interest expense and fiscal charges	<u>(562,648)</u>	<u>(32,920)</u>	<u>(595,568)</u>
Total nonoperating revenues (expenses)	<u>(555,948)</u>	<u>(5,252)</u>	<u>(561,200)</u>
Income (loss) before contributions and operating transfers	(202,702)	(3,804)	(206,506)
Capital contributions	5,665	23,000	28,665
Operating transfers-out	<u>(211,000)</u>	<u>(131,127)</u>	<u>(342,127)</u>
Changes in net position	<u>\$ (408,037)</u>	<u>\$ (111,931)</u>	<u>\$ (519,968)</u>

CITY OF CLEWISTON, FLORIDA  
 Schedule to Determine Compliance With  
 Interlocal Fire Protection Agreement  
 For the Fiscal Year Ended  
 September 30, 2014

Departmental expenditures per Statement  
 of Revenues, Expenditures, and Changes in  
 Fund Balance of Governmental Funds  
 (See page 18)

Expenditures - current	
Public safety	
Fire	\$ 412,982
Less First Responder costs to be paid by Hendry County	(51,322)
One-fifth cost of 2011 fire trucks purchased	42,181
One-fifth cost of 2012 fire truck purchased (net of insurance proceeds of \$223,085)	<u>6,177</u>
Total Fire Department expenditures as adjusted	410,018
Hendry County's reimbursement percentage of Fire Department expenditures per agreement	67%
Portion of Fire Department expenditures to be paid by Hendry County	274,712
First Responder costs to be paid by Hendry County	<u>51,322</u>
Total Fire Department and First Responder expenditures to be reimbursed by Hendry County	326,034
Total previously billed to Hendry County for fire services	<u>289,286</u>
Amount due from Hendry County for the fiscal year ended September 30, 2014	<u>\$ 36,748</u>

CITY OF CLEWISTON, FLORIDA  
Schedule to Determine Compliance With  
Interlocal Animal Control Agreement  
For the Fiscal Year Ended  
September 30, 2014

Departmental expenditures per Statement  
of Revenues, Expenditures, and Changes in  
Fund Balance of Governmental Funds  
(See page 18)

Expenditures - current	
Human services	
Animal Control	\$ 129,602
Hendry County's reimbursement percentage of Animal Control expenditures per agreement	67%
Portion of Animal Control expenditures to be paid by Hendry County	86,833
Total received from Hendry County for Animal Control services	<u>86,394</u>
Amount due from Hendry County for the fiscal year ended September 30, 2014	<u>\$ 439</u>

CITY OF CLEWISTON, FLORIDA  
 Schedule of Expenditures of Federal  
 Awards and State Financial Assistance  
 Year Ended September 30, 2014

Federal Agency / State Pass Through Entity / Federal Program	CFDA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
<b>U.S. Department of Justice - Bureau of Justice Assistance</b>					
(G) Bulletproof Vest Partnership Program	16.607	2012-BUBX12062306	\$ 1,150	\$ -	\$ -
(G) Bulletproof Vest Partnership Program	16.607	2014-BUBX14074047	\$ 1,675	-	-
<b>U.S. Department of Justice - Bureau of Justice Assistance</b>					
Passed Through State of Florida, Office of Criminal Justice Grants, Florida Department of Law Enforcement and Passed Through Hendry County BOCC Edward Byrne Memorial Justice Assistance Grant Programs					
(G) Wireless Air Card Grant	16.738	2010-DJ-BX-1598	\$ 8,234	1,276	-
(G) Improving Evidence/Property Security and Storage	16.738	2013-DJ-BX-1147	\$ 4,712	4,712	-
Passed Through State of Florida, Office of Criminal Justice Grants, Florida Department of Law Enforcement					
(G) Update Mobile Data Units for Officers in the Field	16.738	2014-JAGC-HEND-1-E5-012	\$ 23,506	23,506	-
(G) Update Office Machine Technology	16.738	2014-JAGD-HEND-1-E6-014	\$ 1,998	1,998	-
<b>Total U.S. Department of Justice</b>				<u>31,492</u>	<u>-</u>

CITY OF CLEWISTON, FLORIDA  
 Schedule of Expenditures of Federal  
 Awards and State Financial Assistance (continued)  
 Year Ended September 30, 2014

Federal Agency/State Pass Through Entity/ Federal Program	CFDA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
<b>U.S. Department of Housing and Urban Development</b>					
Passed Through State of Florida, Department of Economic Opportunity Community Development Block Grant - State-Administered Small Cities Program					
(G) Economic Development - Park of Commerce	14.228	07DB-3R-09-36-02-E11	\$ 700,000	-	-
(G) Housing Rehabilitation	14.228	12DB-OH-09-36-02-H02	\$ 700,000	<u>373,176</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>373,176</u>	<u>-</u>
<b>National Endowment of the Arts</b>					
Passed Through Florida Department of State, Division of Cultural Affairs					
(G) ARRA - Promotion of the Arts - Partnership Agreements - State Touring Program Grant	45.025	14-3720	\$ 400	<u>400</u>	<u>-</u>
<b>Total National Endowment of the Arts</b>				<u>400</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 405,068</b>	<b>\$ <u>405,068</u></b>	<b>\$ <u>-</u></b>

CITY OF CLEWISTON, FLORIDA  
 Schedule of Expenditures of Federal  
 Awards and State Financial Assistance (continued)  
 Year Ended September 30, 2014

State Agency /State Program	CSFA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
<b>Florida Department of State</b>					
Division of Library and Information Services					
(G) State Aid to Libraries Grant	45.030	13-ST-18	\$ 105,168	\$ 13,804	\$ -
(G) State Aid to Libraries Grant	45.030	14-ST-18	\$ 110,442	<u>107,520</u>	<u>31,200</u>
<b>Total Expenditures of State Financial Assistance</b>			<b>\$</b>	<b><u>121,324</u></b>	<b>\$ <u>31,200</u></b>



CITY OF CLEWISTON, FLORIDA  
Notes to Schedule of Expenditures of Federal  
Awards and State Financial Assistance  
For the Year Ended September 30, 2014

NOTE A - REPORTING ENTITY

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance Projects includes all the activities of the City of Clewiston's primary government and its blended component unit. The City had no discretely presented component units. Federal award programs and state financial assistance projects recorded in the City's governmental activities are noted by (G). There were no federal award programs or state financial assistance projects recorded in the business-types activities during the fiscal year ended September 30, 2014.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance are in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

NOTE C - STATE REVOLVING FUND LOANS

The City had the following State Revolving Fund loan balances outstanding at September 30, 2014. There were no current year additions to the loan balances to be included in the Federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance for the fiscal year ended September 30, 2014.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding as of September 30, 2014</u>
State Revolving Fund	66.458	WW260400	\$605,290
State Revolving Fund	66.458	WW260401	\$302,593

NOTE D - SUBRECIPIENTS

The City provided state financial assistance to subrecipients as follows:

<u>Program Title</u>	<u>State CSFA Number</u>	<u>Amount Transferred to Subrecipient</u>
State Aid to Libraries Grant	45.030	
Harlem Public Library		\$ 10,977
Barron Public Library		<u>20,223</u>
		<u>\$ 31,200</u>

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

Honorable Mayor and City Commissioners  
The City of Clewiston, 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 Clewiston, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Clewiston, Florida's basic financial statements and have issued our report thereon dated June 12, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Clewiston, Florida'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 of Clewiston, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clewiston, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (Finding 2009-1) described in the accompanying schedule of findings and responses to be a material weakness.

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. Given the limitations described in the first paragraph of this section, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Clewiston, Florida'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2014-1.

### **City of Clewiston, Florida's Response to Findings**

The City of Clewiston, Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Clewiston, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Boy, Miller, Kisker & Perry, P.A.*

Clewiston, Florida  
June 12, 2015

CITY OF CLEWISTON, FLORIDA  
Schedule of Findings and Responses  
For the Year Ended September 30, 2014

Finding 2009-1 - Internal Control Over Financial Reporting (Material Weakness)

Condition: The City should have the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements.

Criteria: Statement on Auditing Standards require the auditor to determine if the City is capable of preparing the enclosed financial statements and has the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements.

Cause: The City does not currently have the skills and competencies necessary to prepare the financial statements and to prevent, detect, and correct a material misstatement in its financial statements.

Effect: A material misstatement in the financial statements of the City may not be prevented, detected, and corrected by the City.

Recommendation: The City should develop a strategy to address the material weakness in internal control over financial reporting.

Views of Responsible Officials and Planned Corrective Actions: We have made significant progress in preparing the end of year adjustments needed for the auditable financial statements. Over the next year we hope to be able to create reports in our software that will create the auditable financial statements.

Finding 2012-1 - Decrease in Unassigned Fund Balance of Governmental Funds (Observation)

Condition: Over the past seven years the unassigned fund balance of the governmental funds of the City has decreased from \$2,678,969 as of September 30, 2006, to a deficit balance of \$846,981 as of September 30, 2014. The City has also budgeted expenditures for the governmental funds in excess of revenues in the amount of \$660,000 for the fiscal year ending September 30, 2015.

Criteria: Sound financial management considers the need for adequate reserves to handle unforeseen financial events in the future.

Cause: Governmental net revenues continue to be less than governmental expenditures.

Effect: Unassigned fund balance of the governmental funds continues to decline.

Recommendation: Due to the current rate of expenditures the City should carefully monitor the deteriorating financial condition within the governmental funds.

We recommend that the City re-evaluate its future spending plans within the governmental funds to ensure that adequate reserves are maintained.

Views of Responsible Officials and Planned Corrective Actions: The City recognizes that the unassigned fund balance is still in a deficit position. The City will continue to define and implement measures to restrict spending so that reserves will be enhanced.

CITY OF CLEWISTON, FLORIDA  
Schedule of Findings and Responses (continued)  
For the Year Ended September 30, 2014

Finding 2014-1 - Expenditures Exceeding Budget (Compliance)

Condition: During the fiscal year ended September 30, 2014, the City expenditures within the governmental funds exceeded the total budgeted expenditures by \$44,088.

Criteria: Florida Statutes, Chapter 116.241, states "The adopted budget must regulate expenditures of the municipality, and an officer of the municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget."

Cause: During the current year, the City was notified by the State of Florida, Department of Economic Opportunity, that the City had not met the employment goals required by the CDBG grant related to the City's development of the park of commerce. Therefore, grant funds previously accrued by the City in the amount of \$214,589 have been disallowed. The disallowed grant funds are shown as an expenditure in the General Construction Fund under Economic Environment - industry development in these financial statements.

Effect: The disallowance of the grant funds was not anticipated or budgeted by the City in preparation of the 2013/14 City budget, which resulted in current expenditures exceeding the budget.

Recommendation: The City should determine the status of CDBG funds previously received to determine if there are any additional expenditures to be budgeted in the future.

Views of Responsible Officials and Planned Corrective Actions: This was caused by a one-time event of a \$214,589 grant receivable being disallowed by the State of Florida. We will continue to work with the State of Florida to try to anticipate any future expenditures related to this CDBG grant.

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INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH THE REQUIREMENTS  
OF SECTION 218.45, FLORIDA STATUTES  
IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL OF  
THE STATE OF FLORIDA

Honorable Mayor and City Commissioners  
City of Clewiston, Florida

We have examined the City of Clewiston, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2014. Management is responsible for the City of Clewiston, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City of Clewiston, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Clewiston, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Clewiston, Florida's compliance with specified requirements.

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

*Boy, Miller, Kisker & Perry, P.A.*

Clewiston, Florida  
June 12, 2015

**BOY, MILLER, KISKER & PERRY, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Honorable Mayor and City Commissioners  
City of Clewiston, Florida

**Report on the Financial Statements**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Clewiston, Florida, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 12, 2015.

**Auditors' Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountants' Report on Compliance with the Requirements of Section 218.45, Florida Statutes, in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated June 12, 2015, should be considered in conjunction with this management letter.

## **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations.

### **PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

See Findings 2009-1 and 2012-1 which are described in the Schedule of Findings and Responses. Findings 2009-1 and 2012-1 were included in the two preceding annual financial audit reports.

## **Official Title and Legal Authority**

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

## **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City of Clewiston, Florida 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 of Clewiston, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

## **Annual Financial Report**

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



**Special District Component Units**

Section 10.554(1)(i)5.d Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.29(3)(b), Florida Statutes. Such disclosure is included in the notes to the financial statements.

**Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See the observation made during the audit which is described in the Schedule of Findings and Responses as Finding 2012-1.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. See the compliance related issue which is described in the Schedule of Findings and Responses as Finding 2014-1.

**Purpose of this Letter**

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

*Boy, Miller, Kisker & Perry, P.A.*

Clewiston, Florida  
June 12, 2015

# CITY OF CLEWISTON

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CLEWISTON, FL 33440

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AREA CODE 863

FAX 983-4055  
AREA CODE 863

David W. Martin, CPA  
Auditor General, State of Florida  
111 W. Madison Street  
Claude Denson Pepper Building  
Tallahassee, Florida 32399-1450

June 12, 2015

RE: City's response to auditors' findings in the Schedule of Findings and Responses for the Fiscal Year 2013-2014.

Dear Mr. Martin:

The Rules of the Auditor General require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited by the auditor in the annual financial report.

## AUDITORS' FINDINGS REPORTED IN THE SCHEDULE OF FINDINGS AND RESPONSES

### Prior Year Comments Which Continues to Apply

#### Finding 2009-1 – Internal Control over Financial Reporting

We have made significant progress in preparing the end of year adjustments needed for the auditable financial statements. Over the next year we hope to be able to create reports in our software that will create the auditable financial statements.

#### Finding 2012-1 - Decrease in Unassigned Fund Balance of Governmental Funds

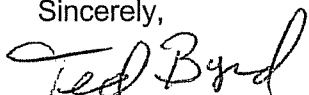
The City recognizes that the unassigned fund balance is still in a deficit position. The City will continue to define and implement measures to restrict spending so that reserves will be enhanced.

### Current Year Comments and Recommendations

#### Finding 2014-1 – Expenditures Exceeding Budget

This was caused by a onetime event of a \$214,589 grant receivable being disallowed by the State of Florida. We will continue to work with the State of Florida to try to anticipate any future expenditures related to this CDBG grant.

Sincerely,

  
Ted Byrd, CGFO  
Finance Director