

CITY OF CLEWISTON, FLORIDA

Annual Financial Report

September 30, 2017

**CITY OF CLEWISTON, FLORIDA**

**Table of Contents**

**September 30, 2017**

	<u>Pages</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis (unaudited)	4-12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14-15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds	
Statement of Net Position	21-22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24-25
Fiduciary Fund	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements	28-75
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Governmental Funds	76-79
Notes to Budgetary Comparison Schedule - Governmental Funds	80
Florida Retirement System	
Schedule of Employer Proportionate Share of Net Pension Liability - Florida Retirement System Pension Plan	81
Schedule of Employer Contributions - Florida Retirement System Pension Plan	82
Schedule of Employer Proportionate Share of Net Pension Liability - Florida Retirement System Retiree Health Insurance Subsidy Program	83
Schedule of Employer Contributions - Florida Retirement System Retiree Health Insurance Subsidy Program	84

**CITY OF CLEWISTON, FLORIDA**  
**Table of Contents (continued)**  
**September 30, 2017**

	<u>Pages</u>
Required Supplementary Information (continued)	
Frozen Defined Benefit Retirement Plan	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	85
Schedule of Employer Contributions	86
Schedule of Investment Returns	87
Notes to Required Supplementary Information - Frozen Defined Benefit Retirement Plan	88
Other Supplemental Schedules	
Schedule of Revenues and Expenses - Business-type Activities - Water and Sewer Fund - Water and Sewer Systems	89
Schedule to Determine Compliance with Interlocal Fire Protection Agreement	90
Schedule to Determine Compliance with Interlocal Animal Control Agreement	91
Schedule of Expenditures of Federal Awards and State Financial Assistance and Notes to Schedule	92-94
Other Auditor's Reports and Management Letter	
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 <i>Government Auditing Standards</i>	95-96
Schedule of Findings and Responses	97
Independent Accountant's Report on Compliance with Section 218.45, Florida Statutes	98
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	99-101
City's Response to Findings in the Schedule of Findings and Responses	102

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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, 2017, 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, 2017, 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.

## **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 other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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, as listed in the table of contents, 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 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 22, 2018, 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 & Swindle, P.A.

Clewiston, Florida  
June 22, 2018

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

Management's discussion and analysis presents a narrative overview and analysis of the City of Clewiston's (City) financial performance for the fiscal year ended September 30, 2017. It is designed to provide a broad overview and a short and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activities, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), clarify material deviations from the approved budget, and explain individual fund issues. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 13) and notes to the financial statements (pages 28-75).

**HIGHLIGHTS**

**Financial Highlights for the Fiscal Year Ended September 30, 2017, and Subsequent Financial Information are shown below.**

1. The City's overall net position decreased by \$229,603.
2. The total cost of all the City's programs was \$23,520,042 which was \$296,718 more than the prior year.
3. The City's governmental activities increased net position by \$46,510 as a result of program and general revenues under expenses of \$1,238,121 plus internal transfers-in of \$1,284,631.
4. During the year, the City had expenses of \$7,842,491 for governmental activities, which was \$35,871 less than the prior year.
5. The City's business-type activities decreased net position by \$276,113 as a result of program and general revenues in excess of expenses of \$1,008,518 minus internal transfers-out of \$1,284,631.
6. During the fiscal year ended September 30, 2017, the Police Department utilized five Justice Assistance Grants totaling \$54,392. These grants were primarily utilized to continue updating the department's mobile communications equipment as well as provide updated technical equipment for the enhancement of department efficiency.
7. During the fiscal year, the City expended \$77,339 of state funding awarded for the design and construction of a new police station. This amount represented expenses included in the design phase of the project and was in addition to \$26,830 expended in the previous fiscal year. The grant awarded from the State totaled \$1.5 million and had an initial grant period beginning July 1, 2016, and ending June 30, 2017. Due to the cost of the construction phase and the project completion deadlines involved with the initial award, the City was able to secure the balance of the funding in another grant totaling \$1,395,831. The new grant extended the project deadline and allowed for additional means to procure a new police station site. This project is ongoing and will continue into fiscal year 2018. It is comprised of acquiring and renovating the Seacoast National Bank building located at 300 South Berner Road.
8. The City received a \$50,000 grant from the Hendry County Tourism Development Council. These funds were awarded for the purpose of improving and promoting the John Boy Auditorium. The funds were used to purchase an audio/video system and promotional pamphlets during the fiscal year ended September 30, 2017. The remaining funds were used to purchase tables and chairs for the auditorium during the next fiscal year.

9. Funding in the amount of \$29,223 from the Hendry County Boater Improvement Fund was utilized for the City's 2017 West Boat Basin Parking Overlay Project.
10. The State Aid to Libraries Grant totaled \$176,785 for fiscal year 2017. The library system continued the I-Help program funded by the Southwest Florida Community Foundation during the preceding fiscal year. The continued program expenses totaled \$11,586 and provided tutoring programs at all three (3) library branches. The annual Hendry County grant for support of the library system in the amount of \$72,382 was discretionary funds. The Clewiston Library utilized \$4,500 in funding from the Florida Humanities Council for an event entitled 2017 Prime Time Family Reading Time Program.
11. The Recreation Department utilized grant funding in the amount of \$5,870 from The Howard E. Hill Foundation to provide a field trip for summer camp participants.
12. In accordance with an interlocal agreement, the City received \$150,000 from Hendry County as support for City recreational facilities used by City and County citizens.
13. In June, 2017, the City entered into a five-year interlocal agreement with the School Board of Hendry County which will provide \$50,000 annually to the City for the School Board's use of City recreational facilities.
14. The City paid approximately \$1,500 to vendors in the form of utility customer rebates for energy efficiency improvements to their residences. These funds were reimbursed through the Florida Municipal Power Agency Conservation Program. The City also utilized funding from this program in the amount of \$22,950 for a street lighting project which replaced conventional lighting with LED lighting. This is an ongoing project which will progress as funding allows, and is a cost savings measure that is expected to decrease maintenance and create energy efficiency within the street lighting grid.
15. The City will receive funding from a Florida Department of Transportation Highway Beautification Grant in the amount of \$101,700 for a landscape project. The grant stipulates a City grant match of \$23,746 and will provide trees and irrigation along the U.S. Highway 27 Corridor in Clewiston. The project is expected to be completed in fiscal year 2018.
16. The City has been approved to receive financial assistance from the Florida Department of Environmental Protection State Revolving Fund through a low interest loan/grant in the amount of \$993,890 for the construction of a major sewer (main sewer lift station) rehabilitation project. The financial assistance includes up to approximately \$373,220 in loan forgiveness. The project is scheduled to begin in fiscal year 2018.
17. The City received a funding award of \$350,000 from the South Florida Water Management District for the preliminary planning, site selection and final design of a new C-21 bridge for vehicular and pedestrian access at the boat basin area. This is the first step in the planning stage for a bridge that will provide access to the Herbert Hoover Dike, while allowing boat traffic in the C-21 canal. The intention is to allow for the future development of the land located west of the bridge.
18. The City received a Florida Department of Economic Opportunity Competitive Florida Partnership Technical Assistance Grant in the amount of \$10,000. This funding will be used to conduct a Farmer's Market feasibility study.
19. The City was impacted by Hurricane Irma on September 10, 2017. The storm triggered an unprecedented mandatory evacuation issued from the State of Florida for the entire City and surrounding areas. The financial impact to the City created by this disaster is in excess of \$700,000. The outcome of financial support from Federal Emergency Management Agency and insurance proceeds for damages incurred has yet to be determined.



## USING THIS ANNUAL REPORT

### Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### Government-Wide Financial Statements

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

The Statement of Net Position presents financial information on all of the City's assets, liabilities, and deferred inflow/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

#### 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, and general administrative. Property taxes, utility taxes, franchise fees, and intergovernmental revenues finance most of these activities.

#### Business-type Activities

The City provides electric, water, sewer, and solid waste 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.

#### Fund Financial Statements

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

#### 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.

### Fiduciary (Trust) Fund - 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 26 and 27. 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.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-75.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, including a budgetary comparison schedule for the governmental funds, and detailed information concerning the City's obligation to provide pension benefits to its employees. The required supplementary information can be found on pages 76-88 of this report.

Additional supplemental schedules are included in this report on pages 89-94 to provide information about interlocal agreements, breakdown of revenue and expenses for the water and sewer systems, and federal and state financial assistance.

## **THE CITY AS A WHOLE**

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

During the fiscal year ended September 30, 2017, the City's combined net position decreased to \$33.37 million from \$33.60 million at the beginning of the year, or \$.23 million. The City's net position of the governmental activities increased \$46,510. Net position of the business-type activities decreased \$276,113. 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 \$2.94 million as of September 30, 2017.

The condensed Statement of Net Position and Statement of Activities on the following pages provide a comprehensive analysis of the government-wide financial information for the fiscal years ended September 30, 2017, and September 30, 2016.

## 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:

#### Summary of Statement of Net Position as of September 30, 2017 and September 30, 2016 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 791	\$ 503	\$ 13,529	\$ 12,515	\$ 14,320	\$ 13,018
Capital assets	<u>8,782</u>	<u>9,203</u>	<u>30,468</u>	<u>31,640</u>	<u>39,250</u>	<u>40,843</u>
Total assets	<u>9,573</u>	<u>9,706</u>	<u>43,997</u>	<u>44,155</u>	<u>53,570</u>	<u>53,861</u>
Deferred outflows of resources	<u>1,299</u>	<u>1,393</u>	<u>227</u>	<u>336</u>	<u>1,526</u>	<u>1,729</u>
Total assets and deferred outflows of resources	<u>10,872</u>	<u>11,099</u>	<u>44,224</u>	<u>44,491</u>	<u>55,096</u>	<u>55,590</u>
Long-term liabilities	2,822	3,350	13,625	14,417	16,447	17,767
Other liabilities	<u>1,392</u>	<u>1,619</u>	<u>2,283</u>	<u>1,702</u>	<u>3,675</u>	<u>3,321</u>
Total liabilities	<u>4,214</u>	<u>4,969</u>	<u>15,908</u>	<u>16,119</u>	<u>20,122</u>	<u>21,088</u>
Deferred inflows of resources	<u>1,102</u>	<u>621</u>	<u>504</u>	<u>283</u>	<u>1,606</u>	<u>904</u>
Total liabilities and deferred inflows of resources	<u>5,316</u>	<u>5,590</u>	<u>16,412</u>	<u>16,402</u>	<u>21,728</u>	<u>21,992</u>
Net position:						
Invested in capital assets, net of related debt	8,498	8,853	16,476	17,174	24,974	26,027
Restricted	3	18	3,767	3,734	3,770	3,752
Unrestricted	<u>(2,945)</u>	<u>(3,362)</u>	<u>7,569</u>	<u>7,181</u>	<u>4,624</u>	<u>3,819</u>
Total net position	<u>\$ 5,556</u>	<u>\$ 5,509</u>	<u>\$ 27,812</u>	<u>\$ 28,089</u>	<u>\$ 33,368</u>	<u>\$ 33,598</u>

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

## Statement of Activities

The following table reflects the condensed Statement of Activities, which 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:

### Summary of Statement of Activities for the Fiscal Years Ended September 30, 2017 and September 30, 2016 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 2,481	\$ 2,322	\$ 16,554	\$ 15,748	\$ 19,035	\$ 18,070
Operating grants and contributions	488	407	-	-	488	407
Capital grants and contributions	123	313	47	120	170	433
General revenues						
Property taxes	1,244	1,186	-	-	1,244	1,186
Other taxes	1,394	1,369	-	-	1,394	1,369
Intergovernmental	634	599	-	-	634	599
Other	240	104	85	59	325	163
Transfers - internal	<u>1,285</u>	<u>1,438</u>	<u>(1,285)</u>	<u>(1,438)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,889</u>	<u>7,738</u>	<u>15,401</u>	<u>14,489</u>	<u>23,290</u>	<u>22,227</u>
Expenses						
General government	1,518	1,646	-	-	1,518	1,646
Public safety	2,897	2,821	-	-	2,897	2,821
Physical environment	262	338	-	-	262	338
Public works	762	616	15,678	15,345	16,440	15,961
Culture and recreation	2,153	2,255	-	-	2,153	2,255
Economic environment	37	72	-	-	37	72
Human services	122	130	-	-	122	130
Disaster expenses	<u>91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>	<u>-</u>
Total expenses	<u>7,842</u>	<u>7,878</u>	<u>15,678</u>	<u>15,345</u>	<u>23,520</u>	<u>23,223</u>
Changes in net position	<u>\$ 47</u>	<u>\$ (140)</u>	<u>\$ (277)</u>	<u>\$ (856)</u>	<u>\$ (230)</u>	<u>\$ (996)</u>
Ending net position	<u>\$ 5,556</u>	<u>\$ 5,509</u>	<u>\$ 27,812</u>	<u>\$ 28,089</u>	<u>\$ 33,368</u>	<u>\$ 33,598</u>

For more detailed information, see the Statement of Activities on pages 14-15.

## **Governmental Activities**

The increase in net position of governmental activities for the fiscal year ended September 30, 2017, was \$46,510 which resulted from governmental activities program and general revenues and internal transfers-in which were greater than expenses. Depreciation on governmental activities capital assets was \$595,508 for the fiscal year ended September 30, 2017.

## **Business-type Activities**

The decrease in net position of business-type activities for the fiscal year ended September 30, 2017, was \$276,113 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 \$1,296,200.

## **THE CITY'S FUNDS**

### **Governmental Type Funds**

As of September 30, 2017, the governmental funds (as presented on page 16) reported a fund balance of \$7,604 which is \$391,842 greater than at the beginning of the year (\$384,238 deficit fund balance). The governmental funds experienced a net increase in their combined fund balances of \$391,842 due to revenues and transfers-in, which were over expenditures during the fiscal year ended September 30, 2017, using the modified accrual basis of accounting. The adjustments to reconcile the \$391,842 increase in the fund balance of the governmental funds to the \$46,510 increase 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 \$27.81 million which is 1.0% less than at the beginning of the year (\$28.09 million).

The business-type funds decrease in net position resulted primarily from operating income in the amount of \$1,467,588 less interest expense of \$590,764 and less operating transfers-out in the amount of \$1,284,631.

### **Governmental Funds Budgetary Highlights**

Over the course of the year, the City Commission made revisions to the City's budget. 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 \$1,070,963 less than budgeted.

The Governmental Fund's actual expenditures were \$1,812,767 less than budgeted.

The actual revenues and expenses were less than budgeted, primarily because a grant related construction project did not proceed as quickly as anticipated.

The budgetary comparison schedule and notes for the governmental funds is shown on pages 76-80.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year, the City had \$39,250,410 (net of depreciation) 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 decrease (including additions, deletions, and current depreciation) of \$1,593,032. See Note 7 in the notes to the financial statements for detailed changes in capital assets.

#### Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 4,343,109	\$ 4,426,656	\$ 670,142	\$ 670,142	\$ 5,013,251	\$ 5,096,798
Buildings, utility treatment plants and systems	1,622,057	1,623,092	28,673,417	29,718,508	30,295,474	31,341,600
Equipment, furniture, and fixtures	1,026,386	1,228,322	1,124,738	1,251,579	2,151,124	2,479,901
Roads and streets	<u>1,790,561</u>	<u>1,925,143</u>	-	-	<u>1,790,561</u>	<u>1,925,143</u>
Totals	<u>\$ 8,782,113</u>	<u>\$ 9,203,213</u>	<u>\$ 30,468,297</u>	<u>\$ 31,640,229</u>	<u>\$ 39,250,410</u>	<u>\$ 40,843,442</u>

The City budgeted an additional \$3.5 million in capital expenditures for the fiscal year ended September 30, 2018, which consisted of \$1.9 million in capital expenditures in the governmental funds and \$1.6 million in capital expenditures in the business-type funds.

### Debt

At September 30, 2017, the City had \$16,871,712 in notes, repayment agreement, and bonds payable to outside creditors and net pension liability outstanding versus \$18,185,789 at September 30, 2016, a decrease of 7.23%, as shown in the schedule below.

#### Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Notes payable	\$ 284,496	\$ 350,000	\$ 1,192,136	\$ 1,439,760	\$ 1,476,632	\$ 1,789,760
FDEO repay. agreement	227,459	292,447	-	-	227,459	292,447
Revenue bonds payable (secured by water and sewer net revenue)	-	-	12,800,000	13,027,000	12,800,000	13,027,000
Net pension liability	<u>2,250,563</u>	<u>2,651,131</u>	<u>117,058</u>	<u>425,451</u>	<u>2,367,621</u>	<u>3,076,582</u>
Totals	<u>\$ 2,762,518</u>	<u>\$ 3,293,578</u>	<u>\$ 14,109,194</u>	<u>\$ 14,892,211</u>	<u>\$ 16,871,712</u>	<u>\$ 18,185,789</u>

During the fiscal year ended September 30, 2015, the City signed a repayment agreement with the Florida Department of Economic Opportunity to repay \$324,941 in CDBG grant funds over a five-year period, due to employment goals required by the grant which were not achieved.

Also, during the fiscal year ended September 30, 2015, the City implemented GASB 68 and 71 related to accounting and financial reporting for pensions. The implementation of these statements resulted in a restatement of the City's beginning net position, as of September 30, 2014, as well as related deferred outflows of resources and deferred inflows of resources due to recording the City's net pension liability on the statement of net position.

See Note 9 beginning on page 48 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 (see Note 8) 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 2018 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 April, 2018, was approximately 5% 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 7,500 people.

The real estate market and general economy in Hendry County and surrounding areas experienced a considerable slowdown in previous years. 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 \$26.7 million, including grant revenues of \$2.4 million, and government-wide expenditures of \$27.2 million, including \$3.5 million in capital expenditures, for the fiscal year ended September 30, 2018. If the budgeted revenues and expenditures are realized, the City's financial reserves will decrease by approximately \$.5 million during fiscal year 2018. The millage rate for the fiscal year ended September 30, 2018, was set at 6.0314 mills. This millage rate is the same as the 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, 2017

	Governmental Activities	Business-type Activities	Totals
<b>Assets</b>			
Cash	\$ 2,075	\$ 600	\$ 2,675
Investments	1,748,966	2,952,570	4,701,536
Receivables, net			
Accounts	243,603	2,309,179	2,552,782
Assessments	45,362	834,889	880,251
Taxes	5,968	-	5,968
Interest	-	38,316	38,316
Inventory	127,089	530,671	657,760
Due from other governments	478,636	-	478,636
Internal balances	(2,200,546)	2,200,546	-
Note receivable	335,193	-	335,193
Prepaid expense	4,441	-	4,441
Restricted assets			
Investments	-	4,237,467	4,237,467
Accounts receivable - FMPA	-	425,207	425,207
Capital assets			
Land	2,457,334	670,142	3,127,476
Depreciable capital assets, net	6,189,630	28,647,754	34,837,384
Construction in progress	135,149	1,150,401	1,285,550
<b>Total assets</b>	<u>9,572,900</u>	<u>43,997,742</u>	<u>53,570,642</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pension plans	<u>1,299,078</u>	<u>226,890</u>	<u>1,525,968</u>
<b>Total assets and deferred outflows of resources</b>	<u>10,871,978</u>	<u>44,224,632</u>	<u>55,096,610</u>
<b>Liabilities</b>			
Accounts payable	616,821	1,260,806	1,877,627
Accrued liabilities	39,533	123,995	163,528
Unearned revenue	120,861	-	120,861
Payable from restricted assets			
Accrued interest	-	52,060	52,060
Deposits	-	843,554	843,554
Current portion of notes payable and repayment agreement	132,666	248,460	381,126
Current portion of revenue bonds payable	-	236,000	236,000
Noncurrent liabilities			
Due in more than one year	2,822,625	13,624,734	16,447,359
Advance from other fund	481,854	(481,854)	-
<b>Total liabilities</b>	<u>4,214,360</u>	<u>15,907,755</u>	<u>20,122,115</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pension plans	<u>1,102,115</u>	<u>504,469</u>	<u>1,606,584</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>5,316,475</u>	<u>16,412,224</u>	<u>21,728,699</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	8,497,617	16,476,161	24,973,778
Restricted for			
Community redevelopment	2,771	-	2,771
Construction and debt retirement	-	3,341,853	3,341,853
Working capital - FMPA	-	425,207	425,207
Unrestricted	(2,944,885)	7,569,187	4,624,302
<b>Total net position</b>	<u>\$ 5,555,503</u>	<u>\$ 27,812,408</u>	<u>\$ 33,367,911</u>

See accompanying notes to financial statements.



CITY OF CLEWISTON, FLORIDA  
Government-wide Statement of Activities  
Year Ended September 30, 2017

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	\$ 1,518,058	\$ 238,766	\$ -	\$ -	\$ (1,279,292)
Public safety					
Police	2,039,305	106,157	8,862	122,869	(1,801,417)
Fire	568,924	335,340	-	-	(233,584)
Protective inspections	288,983	186,255	-	-	(102,728)
Total public safety	2,897,212	627,752	8,862	122,869	(2,137,729)
Physical environment	262,306	321,804	-	-	59,498
Transportation					
Streets and lighting	761,709	435,713	29,223	-	(296,773)
Culture and recreation					
Library	488,906	12,645	254,878	-	(221,383)
Parks and recreation	1,663,767	761,040	195,337	-	(707,390)
Total culture and recreation	2,152,673	773,685	450,215	-	(928,773)
Economic environment					
Housing and urban development	15,420	-	-	-	(15,420)
Industry development	22,148	-	-	-	(22,148)
Total economic environment	37,568	-	-	-	(37,568)
Human services					
Animal control	122,119	83,583	-	-	(38,536)
Disaster expenses					
Hurricane Irma	90,846	-	-	-	(90,846)
Total governmental activities	7,842,491	2,481,303	488,300	122,869	(4,750,019)
Business-type activities					
Electric	10,806,344	11,562,979	-	-	756,635
Water and sewer	3,653,233	3,578,155	-	46,774	(28,304)
Solid waste	1,217,974	1,413,241	-	-	195,267
Total business-type activities	15,677,551	16,554,375	-	46,774	923,598
Total	\$ 23,520,042	\$ 19,035,678	\$ 488,300	\$ 169,643	\$ (3,826,421)

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Government-wide Statement of Activities (continued)  
September 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net (expense) revenue from previous page	\$ (4,750,019)	\$ 923,598	\$ (3,826,421)
General revenues			
Taxes	2,637,508	-	2,637,508
Intergovernmental	634,284	-	634,284
Investment income	32,564	52,387	84,951
Miscellaneous	207,542	32,533	240,075
Transfers - internal	<u>1,284,631</u>	<u>(1,284,631)</u>	<u>-</u>
Total general revenues and transfers	<u>4,796,529</u>	<u>(1,199,711)</u>	<u>3,596,818</u>
Changes in net position	46,510	(276,113)	(229,603)
Net position - October 1, 2016	<u>5,508,993</u>	<u>28,088,521</u>	<u>33,597,514</u>
Net position - September 30, 2017	<u>\$ 5,555,503</u>	<u>\$ 27,812,408</u>	<u>\$ 33,367,911</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Balance Sheet  
Governmental Funds  
September 30, 2017

	General Fund	Clewiston Redevelopment Agency Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 2,075	\$ -	\$ -	\$ 2,075
Investments	1,600,100	18,671	130,195	1,748,966
Receivables				
Accounts	243,603	-	-	243,603
Special assessments	45,362	-	-	45,362
Inventory	127,089	-	-	127,089
Due from other funds	52,865	-	-	52,865
Due from other governments	478,636	-	-	478,636
Note receivable	335,193	-	-	335,193
Prepaid expense	4,441	-	-	4,441
	<u>\$ 2,889,364</u>	<u>\$ 18,671</u>	<u>\$ 130,195</u>	<u>\$ 3,038,230</u>
<b>Total assets</b>				
 <b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 564,460	\$ 15,000	\$ 37,361	\$ 616,821
Accrued liabilities	39,308	-	225	39,533
Due to other funds	2,215,853	900	36,658	2,253,411
Unearned revenue	64,910	-	55,951	120,861
	<u>2,884,531</u>	<u>15,900</u>	<u>130,195</u>	<u>3,030,626</u>
<b>Total liabilities</b>				
 <b>Fund balances</b>				
Nonspendable	466,723	-	-	466,723
Restricted	-	2,771	-	2,771
Unassigned	(461,890)	-	-	(461,890)
	<u>4,833</u>	<u>2,771</u>	<u>-</u>	<u>7,604</u>
<b>Total fund balances</b>				
<b>Total liabilities and fund balances</b>	<u>\$ 2,889,364</u>	<u>\$ 18,671</u>	<u>\$ 130,195</u>	<u>\$ 3,038,230</u>

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, 2017

Total fund balances, governmental funds	\$ 7,604
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.	8,782,113
Certain other assets are not available to pay for current-period expenditures.	5,968
Deferred outflows/inflows of resources related to pension plans are not reported in the funds.	196,963
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,437,145)</u>
Net position of governmental activities	<u>\$ 5,555,503</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, 2017

	General Fund	Clewiston Redevelopment Agency Fund	Other Governmental Fund	Total Governmental Funds
Revenues				
Taxes	\$ 3,012,045	\$ -	\$ -	\$ 3,012,045
Licenses and permits	150,150	-	-	150,150
Intergovernmental revenue	1,073,059	-	162,357	1,235,416
Charges for services	1,746,218	-	-	1,746,218
Fines and forfeitures	138,631	-	-	138,631
Miscellaneous revenues	343,647	47	219	343,913
Total revenues	<u>6,463,750</u>	<u>47</u>	<u>162,576</u>	<u>6,626,373</u>
Expenditures				
Current				
General government	<u>1,433,422</u>	-	-	<u>1,433,422</u>
Public safety				
Police	1,952,189	-	-	1,952,189
Fire	486,616	-	-	486,616
Protective inspections and community improvement	<u>282,801</u>	-	-	<u>282,801</u>
Total public safety	<u>2,721,606</u>	-	-	<u>2,721,606</u>
Transportation				
Streets and lighting	<u>612,445</u>	-	-	<u>612,445</u>
Culture and recreation				
Library	293,257	-	162,576	455,833
Parks and recreation	<u>1,544,530</u>	-	-	<u>1,544,530</u>
Total culture and recreation	<u>1,837,787</u>	-	<u>162,576</u>	<u>2,000,363</u>
Physical environment	<u>265,205</u>	-	-	<u>265,205</u>
Economic environment				
Housing and urban development	-	<u>15,420</u>	-	<u>15,420</u>
Human services				
Animal control	<u>112,743</u>	-	-	<u>112,743</u>
Disaster expenses				
Hurricane Irma	<u>90,846</u>	-	-	<u>90,846</u>
Debt service				
Principal retirement - police	51,748	-	-	51,748
Interest expense - police	9,180	-	-	9,180
Principal retirement - parks and recreation	138,756	-	-	138,756
Interest expense - parks and recreation	2,440	-	-	2,440
Principal retirement - industry development	<u>64,988</u>	-	-	<u>64,988</u>
Total debt service	<u>267,112</u>	-	-	<u>267,112</u>
Total expenditures	<u>7,341,166</u>	<u>15,420</u>	<u>162,576</u>	<u>7,519,162</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, 2017

	<u>General Fund</u>	<u>Clewiston Redevelopment Agency Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Excess of revenues under expenditures	<u>(877,416)</u>	<u>(15,373)</u>	<u>-</u>	<u>(892,789)</u>
Other financing sources (uses) Operating transfers-in	<u>1,284,631</u>	<u>-</u>	<u>-</u>	<u>1,284,631</u>
Total other financing sources (uses)	<u>1,284,631</u>	<u>-</u>	<u>-</u>	<u>1,284,631</u>
Net changes in fund balances	407,215	(15,373)	-	391,842
Fund balances - October 1, 2016	<u>(402,382)</u>	<u>18,144</u>	<u>-</u>	<u>(384,238)</u>
Fund balances - September 30, 2017	<u>\$ 4,833</u>	<u>\$ 2,771</u>	<u>\$ -</u>	<u>\$ 7,604</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, 2017

Net change in fund balances - total governmental funds	\$ 391,842
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.	(397,842)
The net effect of various transactions involving available financial resources	(22,003)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.	249,207
Net change in pension related outflows/inflows of resources and net pension liability	<u>(174,694)</u>
Changes in net position of governmental activities	<u>\$ 46,510</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Net Position  
Proprietary Funds  
September 30, 2017

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Assets and deferred outflows of resources				
Current Assets				
Cash	\$ 600	\$ -	\$ -	\$ 600
Investments	469,313	2,210,764	272,493	2,952,570
Receivables, net				
Accounts	1,419,174	624,586	265,419	2,309,179
Assessments	-	834,889	-	834,889
Due from other funds	3,173,295	-	343,101	3,516,396
Accrued interest	-	38,316	-	38,316
Inventory, at cost	393,392	137,279	-	530,671
Advance to other fund	-	481,854	-	481,854
Total current assets	<u>5,455,774</u>	<u>4,327,688</u>	<u>881,013</u>	<u>10,664,475</u>
Restricted assets				
Investments	958,079	3,279,388	-	4,237,467
Accounts receivable - FMPA	425,207	-	-	425,207
Total restricted assets	<u>1,383,286</u>	<u>3,279,388</u>	<u>-</u>	<u>4,662,674</u>
Capital assets				
Land	27,667	642,475	-	670,142
Depreciable capital assets, net	5,184,017	23,098,672	365,065	28,647,754
Construction in progress	-	1,150,401	-	1,150,401
Total capital assets, net	<u>5,211,684</u>	<u>24,891,548</u>	<u>365,065</u>	<u>30,468,297</u>
Total assets	<u>12,050,744</u>	<u>32,498,624</u>	<u>1,246,078</u>	<u>45,795,446</u>
Deferred outflows of resources				
Deferred outflows related to pension plans	138,656	56,722	31,512	226,890
Total assets and deferred outflows of resources (carried forward)	<u>12,189,400</u>	<u>32,555,346</u>	<u>1,277,590</u>	<u>46,022,336</u>

See accompanying notes to financial statements.



CITY OF CLEWISTON, FLORIDA  
Statement of Net Position (continued)  
Proprietary Funds  
September 30, 2017

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Total assets and deferred outflows of resources (brought forward)	<u>12,189,400</u>	<u>32,555,346</u>	<u>1,277,590</u>	<u>46,022,336</u>
Liabilities and deferred inflows of resources				
Liabilities				
Current liabilities				
Accounts payable	1,076,542	138,443	45,821	1,260,806
Accrued liabilities	79,683	29,640	14,672	123,995
Due to other funds	<u>5,664</u>	<u>1,298,710</u>	<u>11,476</u>	<u>1,315,850</u>
Total current liabilities	<u>1,161,889</u>	<u>1,466,793</u>	<u>71,969</u>	<u>2,700,651</u>
Current liabilities payable from restricted assets				
Accrued interest	5,179	46,881	-	52,060
Deposits	843,554	-	-	843,554
Current portion of notes payable	157,111	91,349	-	248,460
Current portion of revenue bonds payable	<u>-</u>	<u>236,000</u>	<u>-</u>	<u>236,000</u>
Total current liabilities payable from restricted assets	<u>1,005,844</u>	<u>374,230</u>	<u>-</u>	<u>1,380,074</u>
Noncurrent liabilities	<u>232,425</u>	<u>13,376,338</u>	<u>15,971</u>	<u>13,624,734</u>
Total liabilities	<u>2,400,158</u>	<u>15,217,361</u>	<u>87,940</u>	<u>17,705,459</u>
Deferred inflows of resources				
Deferred inflows related to pension plans	<u>308,287</u>	<u>126,117</u>	<u>70,065</u>	<u>504,469</u>
Total liabilities and deferred inflows of resources	<u>2,708,445</u>	<u>15,343,478</u>	<u>158,005</u>	<u>18,209,928</u>
Net position				
Invested in capital assets, net of related debt	4,897,462	11,213,634	365,065	16,476,161
Restricted for construction and retirement of debt	109,346	3,232,507	-	3,341,853
Restricted for working capital - FMPA	425,207	-	-	425,207
Unrestricted	<u>4,048,940</u>	<u>2,765,727</u>	<u>754,520</u>	<u>7,569,187</u>
Total net position	<u>\$ 9,480,955</u>	<u>\$ 17,211,868</u>	<u>\$ 1,119,585</u>	<u>\$ 27,812,408</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, 2017

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Operating revenues				
Charges for services	\$ 11,562,979	\$ 3,578,155	\$ 1,413,241	\$ 16,554,375
Operating expenses				
Electricity purchased	8,290,022	-	-	8,290,022
Personal services	953,537	786,589	319,969	2,060,095
Contractual services	229,432	539,939	553,364	1,322,735
Supplies	133,049	194,639	77,501	405,189
Utilities	36,892	451,225	-	488,117
Insurance	47,808	34,740	81,468	164,016
Repairs and maintenance	258,949	284,411	87,174	630,534
Disaster expenses				
Hurricane Irma	370,788	14,625	-	385,413
Depreciation	417,211	782,780	96,209	1,296,200
Miscellaneous	32,346	7,910	536	40,792
Bad debts	-	1,921	1,753	3,674
Total operating expenses	<u>10,770,034</u>	<u>3,098,779</u>	<u>1,217,974</u>	<u>15,086,787</u>
Operating income	<u>792,945</u>	<u>479,376</u>	<u>195,267</u>	<u>1,467,588</u>
Nonoperating revenues (expenses)				
Interest income	8,187	43,095	1,105	52,387
Miscellaneous	20,288	12,245	-	32,533
Interest and fiscal charges	<u>(36,310)</u>	<u>(554,454)</u>	<u>-</u>	<u>(590,764)</u>
Total nonoperating revenues (expenses)	<u>(7,835)</u>	<u>(499,114)</u>	<u>1,105</u>	<u>(505,844)</u>
Income (loss) before contributions and transfers	<u>785,110</u>	<u>(19,738)</u>	<u>196,372</u>	<u>961,744</u>
Capital contributions	-	46,774	-	46,774
Operating transfers-out	<u>(899,424)</u>	<u>(283,361)</u>	<u>(101,846)</u>	<u>(1,284,631)</u>
Changes in net position	(114,314)	(256,325)	94,526	(276,113)
Net position - October 1, 2016	<u>9,595,269</u>	<u>17,468,193</u>	<u>1,025,059</u>	<u>28,088,521</u>
Net position - September 30, 2017	<u>\$ 9,480,955</u>	<u>\$ 17,211,868</u>	<u>\$ 1,119,585</u>	<u>\$ 27,812,408</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 11,563,356	\$ 3,547,874	\$ 1,362,860	\$ 16,474,090
Cash payments for goods and services	(9,090,423)	(1,539,851)	(793,702)	(11,423,976)
Cash payments to employees for services and related payroll costs	<u>(936,486)</u>	<u>(774,071)</u>	<u>(313,820)</u>	<u>(2,024,377)</u>
Net cash provided by operating activities	<u>1,536,447</u>	<u>1,233,952</u>	<u>255,338</u>	<u>3,025,737</u>
Cash flows from noncapital financing activities:				
Miscellaneous receipts	20,288	12,245	-	32,533
Deposits received from customers less deposits returned to customers	104,489	-	-	104,489
Loans and payments from other funds	603,317	719,991	19,770	1,343,078
Loans and payments to other funds	(997,031)	-	(11,903)	(1,008,934)
Repayment of loan by General Fund	-	125,000	-	125,000
Cash operating transfers-out to other funds	(899,424)	(283,361)	(101,846)	(1,284,631)
Interest paid on customer deposits	<u>(22,111)</u>	<u>-</u>	<u>-</u>	<u>(22,111)</u>
Net cash provided by (used for) noncapital financing activities	<u>(1,190,472)</u>	<u>573,875</u>	<u>(93,979)</u>	<u>(710,576)</u>
Cash flows from capital and related financing activities:				
Sewer assessments received	-	71,927	-	71,927
Capital contributed by customers, developers, and CRA	-	46,774	-	46,774
Acquisition and construction of capital assets	(29,664)	(32,985)	(61,619)	(124,268)
Principal paid on notes payable - State RF and bank	(156,993)	(90,631)	-	(247,624)
Interest paid on notes payable - State RF and bank	(14,787)	(18,163)	-	(32,950)
Principal paid on revenue bonds payable	-	(227,000)	-	(227,000)
Interest paid on revenue bonds payable	<u>-</u>	<u>(537,364)</u>	<u>-</u>	<u>(537,364)</u>
Net cash used for capital and related financing activities	<u>(201,444)</u>	<u>(787,442)</u>	<u>(61,619)</u>	<u>(1,050,505)</u>
Cash flows from investing activities:				
Interest received on investments	<u>8,187</u>	<u>41,325</u>	<u>1,105</u>	<u>50,617</u>
Net cash provided by investing activities	<u>8,187</u>	<u>41,325</u>	<u>1,105</u>	<u>50,617</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Cash Flows (continued)  
Proprietary Funds  
Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Totals
Net increase in cash and cash equivalents	152,718	1,061,710	100,845	1,315,273
Cash and cash equivalents at beginning of year	<u>1,275,274</u>	<u>4,428,442</u>	<u>171,648</u>	<u>5,875,364</u>
Cash and cash equivalents at end of year	<u>\$ 1,427,992</u>	<u>\$ 5,490,152</u>	<u>\$ 272,493</u>	<u>\$ 7,190,637</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	<u>\$ 792,945</u>	<u>\$ 479,376</u>	<u>\$ 195,267</u>	<u>\$ 1,467,588</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	417,211	782,780	96,209	1,296,200
Provision for uncollectible accounts	-	1,921	1,753	3,674
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	377	(30,281)	(50,381)	(80,285)
Increase in inventory	(12,221)	(15,635)	-	(27,856)
Increase in accounts payable	321,084	3,273	6,341	330,698
Increase in accrued liabilities	1,481	8,274	3,673	13,428
Increase in pension related liability and outflows/inflows of resources	<u>15,570</u>	<u>4,244</u>	<u>2,476</u>	<u>22,290</u>
Total adjustments	<u>743,502</u>	<u>754,576</u>	<u>60,071</u>	<u>1,558,149</u>
Net cash provided by operating activities (see previous page)	<u>\$ 1,536,447</u>	<u>\$ 1,233,952</u>	<u>\$ 255,338</u>	<u>\$ 3,025,737</u>
Reconciliation of cash and cash equivalents to Statement of Net Position				
Cash and cash equivalents - unrestricted	\$ 469,913	\$ 2,210,764	\$ 272,493	\$ 2,953,170
Cash and cash equivalents - restricted	<u>958,079</u>	<u>3,279,388</u>	<u>-</u>	<u>4,237,467</u>
Total cash and cash equivalents	<u>\$ 1,427,992</u>	<u>\$ 5,490,152</u>	<u>\$ 272,493</u>	<u>\$ 7,190,637</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Fiduciary Net Position  
Fiduciary Fund  
September 30, 2017

	<u>Pension Trust Fund</u>
Assets	
Investments	\$ 11,730,814
Receivables, net	<u>206,802</u>
Total assets	<u>11,937,616</u>
Net position	
Held in trust for pension benefits	<u>11,937,616</u>
Total net position	<u>\$ 11,937,616</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year Ended September 30, 2017

	Pension Trust Fund
Additions	
Contributions - employer	\$ 106,286
Net investment earnings	1,389,749
Total additions	1,496,035
Deductions	
Pension benefits	491,350
Administrative costs	8,812
Total deductions	500,162
Increase in net position	995,873
Net position - October 1, 2016	10,941,743
Net position - September 30, 2017	\$ 11,937,616

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

Government Accounting Standards Board (GASB) No. 14 entitled "The Financial Reporting Entity", as amended by GASB No. 39 and GASB No. 61, 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, 2017

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 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. 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

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 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.

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.

The fiduciary fund of the City is the Pension Trust Fund.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments (continued)

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 dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2017, is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017, is 80 days.

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.

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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

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

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditures) until then. The significant components of the deferred outflows of resources shown in the statement of net position for the year ended September 30, 2017, are as follows.

Florida Retirement System Pension Plan	\$ 853,138
Florida Retirement System Retiree Health Insurance Subsidy Program	42,578
Frozen Defined Benefit Retirement Plan	<u>630,252</u>
Total deferred outflows of resources related to pension plans	<u>\$ 1,525,968</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The significant components of the deferred inflows of resources shown in the statement of net position for the year ended September 30, 2017, are as follows.

Florida Retirement System Pension Plan	\$ 153,832
Florida Retirement System Retiree Health Insurance Subsidy Program	51,447
Frozen Defined Benefit Retirement Plan	<u>1,401,305</u>
Total deferred inflows of resources related to pension plans	<u>\$1,606,584</u>

See Notes 14, 15, and 16 (pages 58-72) for additional information concerning the breakdown of deferred outflows/inflows of resources for the year ended September 30, 2017.

Net Position and Fund Balances

In the government-wide financial statements, the difference between the City's total assets, total liabilities, and deferred outflows/inflows of resources 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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the legally adopted budgetary data of the General, Special Revenue, and Clewiston Redevelopment Agency Funds 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 Clewiston Redevelopment Agency Funds 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 22, 2018, the date on which the financial statements were available to be issued.



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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, 2017, the carrying amount of the City's interest-bearing checking accounts was \$7,028,913 and the banks' balances were \$7,391,206. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

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, 2017, the City had the following investments:

Interest-bearing bank accounts	\$ 7,028,913
Florida PRIME	1,910,090
Investment in single employer defined benefit pension plan	<u>11,730,814</u>
	<u>\$ 20,669,817</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.

Investments - Florida PRIME

The City has surplus funds in an external investment pool, Florida PRIME. Florida PRIME is governed Chapters 215 and 218, Florida Statutes, and SBA Rules, Chapter 19-7, Florida Administrative Code. The purpose of Chapter 218, Part IV, Florida Statutes, is to promote, through State assistance, the maximization of net interest earnings on invested surplus funds of units of local government, based on the principles of investor protection, mandated transparency, and proper governance, with the goal of reducing the need for imposing additional taxes. The primary investment objectives, in priority order, are safety, liquidity, and competitive returns with minimization of risks.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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

Investments (continued)

Investments - Florida PRIME (continued)

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.

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 defines an external investment pool as an arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsor's reporting entity. 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)".

In June 2010, GASB issued Statement 59, titled "Financial Instruments Omnibus." GASB 59 clarified 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 was not required to register with the SEC.

In December 2015, GASB issued Statement 79 titled "Certain External Investment Pools and Pool Participants" in response to the SEC's amendments in 2014 to regulations that apply to money market funds. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria of GASB 79 and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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

Investments - Florida PRIME (continued)

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 is disclosing the investment policies that relate to credit risk and interest rate risk. All Florida PRIME's investment policies can be found at [www.sbafla.com/prime](http://www.sbafla.com/prime).

Credit Risk

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

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2017, is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017, is 80 days.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2016, through September 30, 2017.

Securities Lending Disclosure

Florida PRIME did not participate in a securities lending program in the period October 1, 2016, through September 30, 2017.

Fair Value Hierarchy Disclosure

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore, the City's account balance is reported at amortized cost.

Disclosures per GASB 79

GASB 79 says that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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

Investments - Florida PRIME (continued)

Disclosures per GASB 79 (continued)

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

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

As of September 30, 2017, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value

Investments - Single Employer Defined Benefit Plan and Fair Value Measurements

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, 2017.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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

Investments - Single Employer Defined Benefit Plan and Fair Value Measurements (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Securities classified as Level 2 are valued using quoted prices for similar assets in active markets. Securities are classified as Level 3 when relevant Level 1 and Level 2 inputs are unavailable. The City had the following fair value measurements as of September 30, 2017:

<u>Investments by Fair Value Level</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Fixed Income</b>				
PIMCO Investment Grade Corp Bond	\$ 1,651,898	\$ -	\$ 1,651,898	\$ -
Vanguard Interim Bond Index Adm	1,583,983	-	1,583,983	-
<b>US Stock</b>				
T. Rowe Price Large Cap Growth	2,324,330	-	2,324,330	-
Schwab Fundamental US Large Company	2,049,372	-	2,049,372	-
Baron Growth Fund	768,475	-	768,475	-
DFA US Targeted Value I	656,104	-	656,104	-
American Century Mid Cape Value R6	1,146,656	-	1,146,656	-
<b>International Stock</b>				
Dodge & Cox International Stock Fund	775,237	-	775,237	-
T. Rowe Price International Stock Fund	774,759	-	774,759	-
<b>Total Investments Measured at Fair Value</b>	<b><u>\$ 11,730,814</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,730,814</u></b>	<b><u>\$ -</u></b>

The concentration of credit risk and foreign currency risk are addressed by having a diversified group of pooled funds with only 13.21% invested in international equity mutual funds.

More information regarding the defined benefit retirement plan can be found in Note 15 starting on page 66.

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, 2017, was \$6.0314 per \$1,000 and was adopted by resolution on September 26, 2016.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 3 - PROPERTY TAXES (continued)

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.

NOTE 4 - INTERNAL BALANCES AND TRANSFERS - INTERNAL

Internal balances (receivables and payables) between the governmental activities and business-type activities as of September 30, 2017, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities		
General Fund	\$ 52,865	\$ 2,215,853
Clewiston Redevelopment Agency Fund	-	900
State Library Grant Fund	-	36,658
Business-type Activities		
Electric Fund	3,173,295	5,664
Water and Sewer Fund	-	1,298,710
Solid Waste Fund	<u>343,101</u>	<u>11,476</u>
Total	<u>\$ 3,569,261</u>	<u>\$ 3,569,261</u>

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, 2017, were as follows:

	<u>Transfers-in</u>	<u>Transfers-out</u>
Governmental activities		
General Fund	\$ 1,284,631	\$ -
Business-type activities		
Electric Fund	-	899,424
Water and Sewer Fund	-	283,361
Solid Waste Fund	<u>-</u>	<u>101,846</u>
Total	<u>\$ 1,284,631</u>	<u>\$ 1,284,631</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Billed	\$ 204,734	\$ 1,477,097
Unbilled	<u>50,228</u>	<u>979,396</u>
Total	254,962	2,456,493
Less allowance for doubtful accounts	<u>11,359</u>	<u>147,314</u>
	<u>\$ 243,603</u>	<u>\$ 2,309,179</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, 2017:

	<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	\$ 110,525	\$ 3,279,388	\$ -	\$ 3,389,913
Customer deposits and accrued interest on deposits	847,554	-	-	847,554
Funds reserved for FMPA working capital	<u>425,207</u>	<u>-</u>	<u>-</u>	<u>425,207</u>
	<u>\$ 1,383,286</u>	<u>\$ 3,279,388</u>	<u>\$ -</u>	<u>\$ 4,662,674</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, 2017:

Land	\$ 2,457,334
Buildings	4,383,892
Improvements other than buildings	10,795,644
Machinery and equipment	7,681,984
Construction in progress	<u>135,149</u>
	25,454,003
Less accumulated depreciation	<u>16,671,890</u>
	<u>\$ 8,782,113</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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, 2017:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Land	\$ 2,457,334	\$ -	\$ -	\$ 2,457,334
Buildings	4,383,892	-	-	4,383,892
Improvements other than buildings	10,795,644	-	-	10,795,644
Machinery and equipment	7,611,847	95,638	25,501	7,681,984
Construction in progress	33,121	102,028	-	135,149
	25,281,838	197,666	25,501	25,454,003
Less accumulated depreciation	16,078,625	595,508	2,243	16,671,890
	<u>\$ 9,203,213</u>	<u>\$ (397,842)</u>	<u>\$ 23,258</u>	<u>\$ 8,782,113</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, 2017:

	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	11,687,992	35,792,245	-	47,480,237
Machinery and equipment	2,018,465	1,779,975	1,732,545	5,530,985
Construction in progress	-	1,150,401	-	1,150,401
	15,661,508	39,383,595	1,779,999	56,825,102
Less accumulated depreciation	10,449,824	14,492,047	1,414,934	26,356,805
	<u>\$ 5,211,684</u>	<u>\$ 24,891,548</u>	<u>\$ 365,065</u>	<u>\$ 30,468,297</u>



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

**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, 2017:

<b>Electric Fund</b>	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2017</b>
Land	\$ 27,667	\$ -	\$ -	\$ 27,667
Buildings	1,927,384	-	-	1,927,384
Improvements other than buildings	11,674,782	13,210	-	11,687,992
Machinery and equipment	<u>2,002,011</u>	<u>16,454</u>	<u>-</u>	<u>2,018,465</u>
	15,631,844	29,664	-	15,661,508
Less accumulated depreciation	<u>10,032,613</u>	<u>417,211</u>	<u>-</u>	<u>10,449,824</u>
	<u>\$ 5,599,231</u>	<u>\$ (387,547)</u>	<u>\$ -</u>	<u>\$ 5,211,684</u>
<b>Water and Sewer Fund</b>	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2017</b>
Land	\$ 642,475	\$ -	\$ -	\$ 642,475
Buildings	18,499	-	-	18,499
Improvements other than buildings	35,792,245	-	-	35,792,245
Machinery and equipment	1,779,975	-	-	1,779,975
Construction in progress	<u>1,117,416</u>	<u>32,985</u>	<u>-</u>	<u>1,150,401</u>
	39,350,610	32,985	-	39,383,595
Less accumulated depreciation	<u>13,709,267</u>	<u>782,780</u>	<u>-</u>	<u>14,492,047</u>
	<u>\$ 25,641,343</u>	<u>\$ (749,795)</u>	<u>\$ -</u>	<u>\$ 24,891,548</u>
<b>Solid Waste Fund</b>	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2017</b>
Buildings	\$ 47,454	\$ -	\$ -	\$ 47,454
Machinery and equipment	<u>1,670,926</u>	<u>61,619</u>	<u>-</u>	<u>1,732,545</u>
	1,718,380	61,619	-	1,779,999
Less accumulated depreciation	<u>1,318,725</u>	<u>96,209</u>	<u>-</u>	<u>1,414,934</u>
	<u>\$ 399,655</u>	<u>\$ (34,590)</u>	<u>\$ -</u>	<u>\$ 365,065</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 30,695
Public safety	172,284
Physical environment	24
Transportation	172,176
Culture and recreation	186,609
Economic environment	22,148
Human services	<u>11,572</u>
 Total depreciation expense - governmental activities	 <u>\$ 595,508</u>
 Business-type activities	
Electric	\$ 417,211
Water and Sewer	782,780
Solid Waste	<u>96,209</u>
 Total depreciation expense - business-type activities	 <u>\$ 1,296,200</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, 2017, was \$16,268. The amount accrued in the governmental activities as a noncurrent liability was \$192,773. The amount of accrued annual leave in the business-type activities was \$64,772. 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, 2017

**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, 2017:

	Balance October 1, 2016	New Debt Issued	Retirement of Debt	Balance Sept. 30, 2017	Due Within One Year	Long-term Portion
<b>Governmental Activities</b>						
<b>General Fund</b>						
Advances from other fund	\$ 606,854	\$ -	\$ 125,000	\$ 481,854	\$ 44,626	\$ 437,228
Note payable - bank	350,000	-	65,504	284,496	67,678	216,818
FDEO repay. agreement	292,447	-	64,988	227,459	64,988	162,471
Net pension liability	2,651,131	-	400,568	2,250,563	-	2,250,563
Compensated absences	186,488	6,285	-	192,773	-	192,773
<b>Business-type Activities</b>						
<b>Electric Fund</b>						
Note payable - bank	471,215	-	156,993	314,222	157,111	157,111
Net pension liability	261,828	-	186,514	75,314	-	75,314
<b>Water and Sewer Fund</b>						
Revenue bonds payable	13,027,000	-	227,000	12,800,000	236,000	12,564,000
Note payable - bank	159,810	-	40,000	119,810	40,000	79,810
Notes payable - FDEP SRI	808,735	-	50,631	758,104	51,349	706,755
Net pension liability	104,200	-	78,427	25,773	-	25,773
<b>Solid Waste Fund</b>						
Net pension liability	59,423	-	43,452	15,971	-	15,971
	<u>\$ 18,979,131</u>	<u>\$ 6,285</u>	<u>\$ 1,439,077</u>	<u>\$ 17,546,339</u>	<u>\$ 661,752</u>	<u>\$ 16,884,587</u>

**Summary of Long-Term Debt**

Long-term debt at September 30, 2017, is comprised of the following:

**Governmental Activities**

**Advances From Other Fund**

Advance payable by the General Fund to the Water and Sewer Fund, payments were suspended for fiscal years 2016 and 2017, due in three remaining equal annual installments of \$29,700 and a final payment of \$31,948 in 2021.

\$ 121,048

Advance payable by the General Fund to the Water and Sewer Fund, payments were suspended for fiscal years 2016 and 2017, 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.

360,806

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Governmental Activities (continued)

Note Payable - Bank

Note payable to a bank, dated December 30, 2015, payable in five annual annual payments of \$77,124, including interest at 3.32%, due January 1 of each year, with the first payment due on January 1, 2017. The final maturity date of the loan is January 1, 2021. Proceeds from the loan were used to purchase vehicles for the police and animal control departments and equipment for the recreation department. Vehicles and equipment had a book value of \$271,126 as of September 30, 2017.

284,496

Florida Department of Economic Opportunity (FDEO)

Repayment Agreement

CDBG grant funds received by the City under the Florida Small Cities Community Development Block Grant program to be repaid to the FDEO due to employment goals which were not met in connection with the City's development of the Park of Commerce. Payable in quarterly installments of \$16,247, beginning June 30, 2016, for five years, with no interest.

227,459

Net Pension Liability

As of September 30, 2017, the governmental activities collective share of the Florida Retirement System's net pension liability was \$2,056,730 and the governmental activities net pension liability related to the frozen defined benefit retirement plan was \$193,833.

2,250,563

Compensated Absences

As of September 30, 2017, other long-term liabilities consisted of the noncurrent portion of the compensated absences liability of the General Fund.

192,773

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.

(continued on next page)

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Business-type Activities (continued)

Electric Fund (continued)

Note Payable - Bank (continued)

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.

314,222

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.

7,110,000

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.

5,690,000

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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.

119,810

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. Loans are secured by net revenues of water and sewer systems. Proceeds from the loans were used to construct improvements to the sewer system.

758,104

Net Pension Liability - All Proprietary Funds

The proprietary funds net pension liability was related to the frozen defined benefit retirement plan.

117,058

\$ 17,546,339

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, 2017, are as follows:

Year Ending Sept. 30,	Advances Payable - Water & Sewer Fund			Note Payable - Bank		
	Interest	Principal	Total	Interest	Principal	Total
2018	\$ -	\$ 44,626	\$ 44,626	\$ 9,446	\$ 67,678	\$ 77,124
2019	-	45,235	45,235	7,199	69,925	77,124
2020	-	45,868	45,868	4,877	72,247	77,124
2021	-	48,775	48,775	2,478	74,646	77,124
2022	-	17,512	17,512	-	-	-
2023-2027	-	95,237	95,237	-	-	-
2028-2032	-	119,907	119,907	-	-	-
2033	-	64,694	64,694	-	-	-
	<u>\$ -</u>	<u>\$ 481,854</u>	<u>\$ 481,854</u>	<u>\$ 24,000</u>	<u>\$ 284,496</u>	<u>\$ 308,496</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Annual Requirements to Amortize Debt Principal and Interest of Governmental Activities (continued)

Year Ending Sept. 30,	FDEO Repayment Agreement			Total		
	Interest	Principal	Total	Interest	Principal	Total
2018	\$ -	\$ 64,988	\$ 64,988	\$ 9,446	\$ 177,292	\$ 186,738
2019	-	64,988	64,988	7,199	180,148	187,347
2020	-	64,988	64,988	4,877	183,103	187,980
2021	-	32,495	32,495	2,478	155,916	158,394
2022	-	-	-	-	17,512	17,512
2023-2027	-	-	-	-	95,237	95,237
2028-2032	-	-	-	-	119,907	119,907
2033	-	-	-	-	64,694	64,694
	<u>\$ -</u>	<u>\$ 227,459</u>	<u>\$ 227,459</u>	<u>\$ 24,000</u>	<u>\$ 993,809</u>	<u>\$ 1,017,809</u>

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, 2017, including interest payments of \$8,248 on the Electric Fund's note payable and interest payments of \$9,474,520 on the Water & Sewer Fund's revenue bonds and notes payable are as follows:

Year Ending Sept. 30,	Electric Fund - Note Payable - Bank			Water & Sewer Fund - Revenue Bonds Payable		
	Interest	Principal	Total	Interest	Principal	Total
2018	\$ 7,659	\$ 157,111	\$ 164,770	\$ 528,000	\$ 236,000	\$ 764,000
2019	589	157,111	157,700	518,265	247,000	765,265
2020	-	-	-	508,076	256,000	764,076
2021	-	-	-	497,516	267,000	764,516
2022	-	-	-	486,503	278,000	764,503
2023-2027	-	-	-	2,250,683	1,572,000	3,822,683
2028-2032	-	-	-	1,898,531	1,924,000	3,822,531
2033-2037	-	-	-	1,467,593	2,356,000	3,823,593
2038-2042	-	-	-	939,881	2,885,000	3,824,881
2043-2046	-	-	-	293,205	2,779,000	3,072,205
	<u>\$ 8,248</u>	<u>\$ 314,222</u>	<u>\$ 322,470</u>	<u>\$ 9,388,253</u>	<u>\$ 12,800,000</u>	<u>\$ 22,188,253</u>

Year Ending Sept. 30,	Water & Sewer Fund - Note Payable - Bank			Water & Sewer Fund - Notes Payable - FL DEP SRF		
	Interest	Principal	Total	Interest	Principal	Total
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	1,103	39,810	40,913	9,064	52,815	61,879
2021	-	-	-	8,315	53,564	61,879
2022	-	-	-	7,556	54,323	61,879
2023-2027	-	-	-	26,006	283,391	309,397
2028-2032	-	-	-	5,993	210,585	216,578
2033-2037	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-
2043-2046	-	-	-	-	-	-
	<u>\$ 9,001</u>	<u>\$ 119,810</u>	<u>\$ 128,811</u>	<u>\$ 77,266</u>	<u>\$ 758,104</u>	<u>\$ 835,370</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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
2018	\$ 551,088	\$ 484,460	\$ 1,035,548
2019	531,655	496,188	1,027,843
2020	518,243	348,625	866,868
2021	505,831	320,564	826,395
2022	494,059	332,323	826,382
2023-2027	2,276,689	1,855,391	4,132,080
2028-2032	1,904,524	2,134,585	4,039,109
2033-2037	1,467,593	2,356,000	3,823,593
2038-2042	939,881	2,885,000	3,824,881
2043-2046	293,205	2,779,000	3,072,205
	<u>\$ 9,482,768</u>	<u>\$ 13,992,136</u>	<u>\$ 23,474,904</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, 2017.
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, 2017.
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. **Utility Rate Covenant** - 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, 2017

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Pledged Revenues

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2017. The following table reports the revenues pledged for each debt issue; the amounts of such revenues received in the current year; the current year principal and interest paid on the debt; the approximate percentage of each revenue pledged to meet the debt obligation; the maturity date of each debt agreement; and the total pledged for future revenues for each debt issuance, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2017.

Description of Issue	Pledged Revenue	Revenue Received	Principal and Interest Paid	Estimated Percentage of Revenues Pledged	Outstanding Principal and Interest	Pledged Through
<u>Business-type Activities</u>						
Note payable - Bank	Net operating revenues of the electric system	\$ 11,562,979	\$ 171,780	1.49%	\$ 322,470	2019
Water and Sewer Revenue Bonds - Series 2007A and 2007B	Net operating revenues of the water and sewer systems	\$ 3,578,155	\$ 764,364	21.36%	\$ 22,188,253	2046
Notes payable - FDEP - State Revolving Fund	Net operating revenues of the water and sewer systems	\$ 3,578,155	\$ 61,879	1.73%	\$ 835,370	2030

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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 inventory, a note receivable, and prepaid expense.

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, 2017

**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, 2017:

	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Total
<b>Assets and deferred outflows of resources</b>				
Current assets	\$ 6,413,853	\$ 7,607,076	\$ 881,013	\$ 14,901,942
Capital assets	5,211,684	24,891,548	365,065	30,468,297
Other assets	425,207	-	-	425,207
Deferred outflows of resources	138,656	56,722	31,512	226,890
<b>Liabilities and deferred inflows of resources</b>				
Current liabilities	2,167,733	1,841,023	71,969	4,080,725
Long-term liabilities	232,425	13,376,338	15,971	13,624,734
Deferred inflows of resources	308,287	126,117	70,065	504,469
<b>Net position</b>				
Invested in capital assets, net of related debt	4,897,462	11,213,634	365,065	16,476,161
Restricted	534,553	3,232,507	-	3,767,060
Unrestricted	4,048,940	2,765,727	754,520	7,569,187
Charges for services	11,562,979	3,578,155	1,413,241	16,554,375
Operating expenses	10,770,034	3,098,779	1,217,974	15,086,787
Operating income	792,945	479,376	195,267	1,467,588
Non-operating revenues (expenses)	(7,835)	(499,114)	1,105	(505,844)
Capital contributions	-	46,774	-	46,774
Operating transfers-out	(899,424)	(283,361)	(101,846)	(1,284,631)
Changes in net position	(114,314)	(256,325)	94,526	(276,113)
Beginning net position	9,595,269	17,468,193	1,025,059	28,088,521
Ending net position	9,480,955	17,211,868	1,119,585	27,812,408
<b>Net cash provided by (used for):</b>				
Operating activities	1,536,447	1,233,952	255,338	3,025,737
Noncapital financing activities	(1,190,472)	573,875	(93,979)	(710,576)
Capital and related financing activities	(201,444)	(787,442)	(61,619)	(1,050,505)
Investing activities	8,187	41,325	1,105	50,617
Beginning cash and cash equivalents	1,275,274	4,428,442	171,648	5,875,364
Ending cash and cash equivalents	1,427,992	5,490,152	272,493	7,190,637

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

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, 2017.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Federal Awards Programs	\$ 54,392	\$ -	\$ 54,392
State Financial Assistance	239,696	-	239,696
Contributions from Hendry County	280,251	-	280,251
Contributions from citizens, customers, and developers	20,744	46,774	67,518
Contributions from private foundations	<u>16,086</u>	<u>-</u>	<u>16,086</u>
	<u>\$ 611,169</u>	<u>\$ 46,774</u>	<u>\$ 657,943</u>

See pages 92-94 for more information concerning federal awards programs and state financial assistance. The contributions from Hendry County were used for culture and recreational activities. 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.

NOTE 13 - DISASTER EXPENSES - HURRICANE IRMA

During September, 2017, the City incurred the following disaster expenses related to Hurricane Irma.

	<u>Payments to Employees for Services and Related Payroll Costs</u>	<u>Payments for Repairs, Materials and Supplies, and Contract Services</u>	<u>Total Disaster Expenses</u>
General Fund	\$ 70,921	\$ 19,925	\$ 90,846
Electric Fund	16,956	353,832	370,788
Water and Sewer Fund	<u>752</u>	<u>13,873</u>	<u>14,625</u>
Totals	<u>\$ 88,629</u>	<u>\$ 387,630</u>	<u>\$ 476,259</u>

Following the end of the year, additional disaster expenses will be incurred by the City, which are expected to bring the total disaster expenses to an amount in excess of \$700,000.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

**NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS**

**General Information**

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (FRS) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy Program (HIS Program). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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 FRS has five classes of membership. The City's certified law enforcement officers belong to one of the five classes, the Special Risk Class.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or calling toll free at 877-377-1737. The report is also available at the Florida Department of Management Services from the Web site: [www.dms.myflorida.com](http://www.dms.myflorida.com)

**Significant Accounting Policies**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and HIS Program and additions to/deductions from the Pension Plan and HIS Program fiduciary net position have been determined on the same basis as they are reported by the Pension Plan and HIS Program. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Pension Plan**

**Plan Description**

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Pension Plan (continued)**

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Special Risk Class (sworn law enforcement officers, firefighters, and correctional officers) enrolled prior to July 1, 2011, who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3% of their final average compensation based on the five highest years of salary for each year of credited service.

For Special Risk Class members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and the normal retirement age is increased to age 65, or 30 years of service, regardless of age. Also, the final average compensation for Special Risk Class members will be based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates for Special Risk Class for the periods from October 1, 2016, through June 30, 2017, and from July 1, 2017, through September 30, 2017, were 22.57% and 23.27%, respectively, and DROP participants - 12.99% and 13.26%, respectively. These employer contribution rates include 1.66% HIS Program subsidy for the period October 1, 2016, through September 30, 2017.

The City's contributions, including employee contributions, to the Pension Plan totaled \$195,866 for the fiscal year ended September 30, 2017.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Pension Plan (continued)**

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

At September 30, 2017, the City reported a liability of \$1,779,521 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was .006016096%, which was a decrease of .000324156% from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$295,666 related to the FRS Pension Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$163,317	\$ 9,858
Change of assumptions	598,045	-
Net difference between projected and actual earnings on Pension Plan investments	-	44,101
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	49,757	99,873
City Pension Plan contributions subsequent to the measurement date	<u>42,019</u>	<u>-</u>
Total	<u>\$853,138</u>	<u>\$153,832</u>

The deferred outflows of resources related to the FRS Pension Plan, totaling \$42,019 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 85,776
2019	228,013
2020	159,458
2021	32,601
2022	110,161
Thereafter	<u>41,278</u>
	<u>\$ 657,287</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Pension Plan (continued)**

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Inflation	2.60%
Salary increase	3.25%, average, including inflation
Investment rate of return	7.10%, net of Pension Plan investment expense, including inflation
Mortality	Generational RP-2000 with Projection Scale BB Tables
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>(1) Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

(1) As outlined in the Pension Plan's investment policy



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

**NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)**

**Pension Plan (continued)**

Discount Rate

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

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

The following table represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate.

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
City's proportionate share of the net pension liability	\$3,220,826	\$1,779,521	\$582,909

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2017, the City reported a payable in the amount of \$19,473 for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2017.

**Retiree Health Insurance Subsidy Program**

Program Description

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

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Retiree Health Insurance Subsidy Program (continued)**

Benefits Provided

For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contributions for the period October 1, 2016, through September 30, 2017, was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Program totaled \$13,493 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to FRS HIS Program

At September 30, 2017, the City reported a liability of \$277,209 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was .002592564%, which was a decrease of .000127218% from its proportionate share measured as of June 30, 2016.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Retiree Health Insurance Subsidy Program (continued)**

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$15,577 related to the HIS Program. In addition the City reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 447
Change of assumptions	38,966	23,971
Net difference between projected and actual earnings on HIS Program investments	24	-
Changes in proportion and differences between City HIS Program contributions and proportionate share of contributions	-	27,029
City HIS Program contributions subsequent to the measurement date	<u>3,588</u>	<u>-</u>
Total	<u>\$ 42,578</u>	<u>\$ 51,447</u>

The deferred outflows of resources related to the HIS Program, totaling \$3,588 resulting from City contributions to the HIS Program subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2018	\$ (3,883)
2019	(3,858)
2020	(3,847)
2021	(2,884)
2022	(1,137)
Thereafter	<u>3,152</u>
	<u>\$ (12,457)</u>

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Retiree Health Insurance Subsidy Program (continued)**

Actuarial Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Inflation	2.60%
Salary increase	3.25%, average, including inflation
Municipal Bond Rate	3.58%
Investment rate of return	N/A
Mortality	Generational RP-2000 with Projection Scale BB Tables
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following table represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate.

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
City's proportionate share of the net pension liability	\$316,332	\$277,209	\$244,622

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS (continued)

**Retiree Health Insurance Subsidy Program (continued)**

HIS Program Fiduciary Net Position

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

Payables to the HIS Program

At September 30, 2017, the City reported a payable in the amount of \$1,496 for outstanding contributions to the HIS Program required for the fiscal year ended September 30, 2017.

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN

General Information

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, 2017. 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 26 and 27. Also, a breakdown of the Plan's investments as of September 30, 2017, is included in Note 2 on page 42.

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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

General Information (continued)

For the plan years beginning October 1, 2014, October 1, 2015, October 1, 2016, and October 1, 2017, the individual entry age normal cost 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. Since benefit accruals are frozen, the normal cost is zero and the accrued liability is equal to the present value of accrued benefits. 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. These amounts, along with the unfunded accrued liability, are amortized separately from the annual normal costs. Florida Statutes require that the contribution be no less than the unfunded accrued liability amortized over 30 years. 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 fair market value as of the valuation date (including any discounted receivable contributions), plus 2/3 of the actual earnings minus expected earnings for the preceding 12 months (plan year), plus 1/3 of the actual earnings minus expected earnings for the 12 months (plan year) preceding that date, as described in the Internal Revenue Notice 2009-22. The actuarial value of assets is adjusted to be within 90-110% of the fair market value on the valuation date.

Benefits, Employee Membership Data, and Covered Payroll

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, 2017

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

Benefits, Employee Membership Data, and Covered Payroll (continued)

As of October 1, 2017, (the date of the latest available valuation report) employee membership data used in the calculation of the pension obligation was as follows:

Active members	43
Retirees and beneficiaries currently receiving benefits	55
Terminated employees entitled to benefits but not yet receiving them	<u>69</u>
Total participants included in the Plan valuation	<u>167</u>

For the fiscal year ended September 30, 2017, the City's total payroll for all employees was approximately \$4,600,000 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.

Contributions

The annual required contribution of the City for the year ended September 30, 2017, using the Projected Unit Credit actuarial cost method, was \$106,286. This amount included the normal cost of the plan at the beginning of the year in the amount of \$8,775, amortization amounts of \$90,557, and interest of \$6,954.

The City's actual contribution for the fiscal year ended September 30, 2017, was \$106,286.

The recommended contribution for the plan year beginning October 1, 2017, is \$81,053. 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.

The pension plan experienced a decrease in the contribution level from the prior year. Asset return in excess of the assumed 7.00% contributed to the decrease in recommended contribution.

Investments

Investments of the Plan are reported at fair value (see page 42). Net appreciation in fair value of investments include realized and unrealized gains and losses.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

Rate of Return

For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

Long-term Expected Rate of Return

Historical rates of return for individual asset classes and future estimated returns, reduced by expected expenses adjustments and adjusted for inflation are used to develop expected rates of return. The expected inflation assumption was developed based on an analysis of historical CPI experience adjusted for future expectations. These rates of return are applied to the Plan's investment policy to determine a rate of expected return. The long-term expected return is then rounded to the nearest quarter percentage point.

<u>Asset Class</u>	<u>Allocation Policy</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Long-term Expected Nominal Rate of Return</u>
Domestic Equity	58%	5.50%	8.25%
International Equity	12%	3.00%	5.75%
Fixed Income	30%	2.00%	4.75%
Real Estate and Alternatives	0%	6.25%	9.00%
General Account	<u>0%</u>	1.50%	4.25%
Total (weighted average rounded to 1/4%)	<u>100%</u>	4.25%	7.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made equal to the actuarially determined contribution amounts. Based on that assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

Net Pension Liability

The components of the net pension liability related to the frozen defined benefit plan of the City as of September 30, 2017, were as follows:

Description	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance - September 30, 2016	\$ 11,999,911	\$ 10,841,227	\$ 1,158,684
Changes due to:			
Interest	822,797	-	822,797
Differences between expected and actual experience	(183,367)	-	(183,367)
Change in actuarial assumptions or methods	-	-	-
Benefit payments and refunds	(491,350)	(491,350)	-
Employer contributions	-	106,286	(106,286)
Net investment income	-	1,389,749	(1,389,749)
Administrative expenses	-	(8,812)	8,812
Total changes	<u>148,080</u>	<u>995,873</u>	<u>(847,793)</u>
Balance - September 30, 2017	<u>\$ 12,147,991</u>	<u>\$ 11,837,100</u>	<u>\$ 310,891</u>

The Plan fiduciary net position was 97.44% of the total pension liability as of September 30, 2017.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability	\$2,012,592	\$310,891	\$(1,074,331)

At September 30, 2017, the City reported a net pension liability of \$310,891 for the Frozen Defined Benefit Retirement Plan. The liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

For the fiscal year ended September 30, 2017, the City recognized pension expense related to the frozen defined benefit plan of \$177,057. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ -	\$ 407,543
Changes in assumptions	187,039	-
Differences between expected and actual earnings on pension plan investments	<u>443,213</u>	<u>993,762</u>
Total	<u>\$ 630,252</u>	<u>\$ 1,401,305</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in the pension expenses as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2018	\$ (130,068)
2019	(227,376)
2020	(68,471)
2021	(216,209)
2022	(128,929)
Thereafter	<u>-</u>
	<u>\$ (771,053)</u>

See page 85 which shows a schedule of changes in net pension liability and related ratios for the Plan, page 86 which shows a schedule of employer contributions to the Plan, and page 87 which shows a schedule of Plan investment returns for the City's frozen defined benefit retirement plan.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS SUMMARY DATA

The table on the following page provides a summary of significant information related to the City's defined benefit pension plans for the fiscal year ended September 30, 2017. The information for the Florida Retirement System Pension Plan and the Florida Retirement System Retiree Health Insurance Subsidy Program are the City's proportionate share of the listed items.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 16 - DEFINED BENEFIT PENSION PLANS SUMMARY DATA (continued)

<u>Description</u>	<u>Florida Retirement System Pension Plan</u>	<u>Florida Retirement System HIS Program</u>	<u>Frozen Defined Benefit Retirement Plan</u>	<u>Total</u>
Total pension liability	\$ 11,047,513	\$ 281,832	\$12,147,991	\$23,477,336
Plan fiduciary net position	9,267,992	4,623	11,837,100	21,109,715
Net pension liability	1,779,521	277,209	310,891	2,367,621
Deferred outflows of resources	853,138	42,578	630,252	1,525,968
Deferred inflows of resources	153,832	51,447	1,401,305	1,606,584
Pension expense	295,666	15,577	177,057	488,300

NOTE 17 - CURRENT DEFINED CONTRIBUTION PLAN FOR EMPLOYEES OTHER THAN CERTIFIED POLICE OFFICERS

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, 2017, were made by the City which totaled \$168,224.

NOTE 18 - 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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 19 - 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.

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, 2017, 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 fiscal year ended September 30, 2015, 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 \$324,941 are currently being repaid (see Note 9).

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.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 19 - COMMITMENTS AND CONTINGENCIES (continued)

Disaster Expenses - Hurricane Irma

On September 10, 2017, Category 3 Hurricane Irma made its way across Hendry County. Mandatory evacuations were ordered for all of Hendry County. The primary impacts of Hurricane Irma were widespread power outages, debris, and flooding. The total financial impact of Hurricane Irma to the City is estimated to be in excess of \$700,000, of which approximately \$476,000 was incurred during the fiscal year ended September 30, 2017. The City anticipates that insurance proceeds and reimbursements from the Federal Emergency Management Agency will cover a substantial part of the cost.

NOTE 20 - RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2017, the General Fund charged the Enterprise Funds \$221,087 and the State Library Fund \$17,679 for administrative services. The Electric Fund charged the General Fund \$4,371 for customer billing and collection services related to the General Fund's mosquito services. The Electric Fund charged the Water and Sewer Fund \$48,745 for customer billing related to water and sewer services and the Solid Waste Fund \$20,085 for customer billing related to garbage services.

NOTE 21 - 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, 2017, (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, 2017. When the ultimate losses ceded under aggregate excess insurance of \$10,742,214 is included, the indicated funding adequacy translates to a claims fund surplus of \$8,338,693 at the booked level of claims reserves which is \$876,416 less than expected reserves. This balance is on a net basis, after specific and aggregate excess insurance.

CITY OF CLEWISTON, FLORIDA  
Notes to Financial Statements  
September 30, 2017

NOTE 21 - RISK MANAGEMENT (continued)

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.

NOTE 22 - OVER EXPENDITURES

At September 30, 2017, the following items within the governmental funds had expenditures exceeding their budgeted amounts:

<u>Expenditure Type</u>	<u>Over Expenditure</u>
General Fund	
Current	
Disaster expenses	
Hurricane Irma	\$90,846

NOTE 23 - SUBSEQUENT EVENTS - WASTEWATER TREATMENT PLANT PROJECTS

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, 2017, the City had expended \$1,117,500 for the initial phase of the wastewater treatment plant expansion project. The City entered into a contract with Hinterland Group, Inc. for the construction of the Master Pump Station Rehabilitation Project, a project included in the wastewater treatment plant expansion project. The initial contract amount to Hinterland Group, Inc. was \$767,000, but with various modifications totaled \$997,356 at project end. Construction, completed in May 2018, was funded with a loan of \$993,890 through the State of Florida Department of Environmental Protection State Revolving Fund Loan Program (FL DEP SRF). There is to be a grant ("forgiveness") in the amount of \$373,220. The final principal amount of the loan totaling \$620,670 will be paid over thirty years with no interest.

Presently, the capacity of the wastewater treatment plant has reached a point where it must be addressed. The City is in the process of resolving the capacity issue by concentrating on system wide inflow and infiltration repairs within the sewer distribution system. This initiative will provide a less costly resolution and could postpone the necessity of expanding the actual wastewater treatment plant facility should anticipated growth not occur. The inflow and infiltration project is estimated to cost \$3.4 million and will be completed in three phases. The first phase consists of sealing manholes, clean-outs and conducting testing for inflows and outflows within the system at an estimated cost of \$535,000. The City has requested funding from the FL DEP SRF Loan Program for phase one of the project and is in the process of working with the FL DEP to complete this process.

Management has evaluated subsequent events through June 22, 2018, the date which the financial statements were available for issue.

CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual - Governmental Funds  
 Year Ended September 30, 2017

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,982,383	\$ 2,982,383	\$ 3,012,045	\$ 29,662
Licenses and permits	85,100	85,100	150,150	65,050
Intergovernmental	2,381,585	2,434,409	1,073,059	(1,361,350)
Charges for services	1,743,811	1,743,811	1,746,218	2,407
Fines and forfeitures	47,600	47,600	138,631	91,031
Miscellaneous	144,771	170,779	343,647	172,868
Total revenues	<u>7,385,250</u>	<u>7,464,082</u>	<u>6,463,750</u>	<u>(1,000,332)</u>
Expenditures				
Current				
General government	1,602,290	1,602,290	1,433,422	168,868
Public safety	4,084,796	4,163,628	2,721,606	1,442,022
Transportation	717,830	717,830	612,445	105,385
Culture and recreation	1,914,896	1,914,896	1,837,787	77,109
Physical environment	328,194	328,194	265,205	62,989
Economic environment	-	-	-	-
Human services	128,585	128,585	112,743	15,842
Disaster expenses	-	-	90,846	(90,846)
Debt service				
Principal retirement	255,493	255,493	255,492	1
Interest expense	11,620	11,620	11,620	-
Total expenditures	<u>9,043,704</u>	<u>9,122,536</u>	<u>7,341,166</u>	<u>1,781,370</u>
Excess of revenues under expenditures	<u>(1,658,454)</u>	<u>(1,658,454)</u>	<u>(877,416)</u>	<u>781,038</u>
Other financing sources (uses)				
Operating transfers-in	1,284,631	1,284,631	1,284,631	-
Loan proceeds	39,281	39,281	-	(39,281)
Total other financing sources (uses)	<u>1,323,912</u>	<u>1,323,912</u>	<u>1,284,631</u>	<u>(39,281)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (334,542)</u>	<u>\$ (334,542)</u>	407,215	<u>\$ 741,757</u>
Fund balances - October 1, 2016			<u>(402,382)</u>	
Fund balances - September 30, 2017			<u>\$ 4,833</u>	

See accompanying notes to budgetary comparison schedule.

CITY OF CLEWISTON, FLORIDA  
Required Supplementary Information  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2017

	Clewiston Redevelopment Agency Fund			
	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	10	10	47	37
Total revenues	<u>10</u>	<u>10</u>	<u>47</u>	<u>37</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Physical environment	-	-	-	-
Economic environment	15,430	15,430	15,420	10
Human services	-	-	-	-
Disaster expenses	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	<u>15,430</u>	<u>15,430</u>	<u>15,420</u>	<u>10</u>
Excess of revenues under expenditures	<u>(15,420)</u>	<u>(15,420)</u>	<u>(15,373)</u>	<u>47</u>
Other financing sources (uses)				
Operating transfers-in	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (15,420)</u>	<u>\$ (15,420)</u>	(15,373)	<u>\$ 47</u>
Fund balances - October 1, 2016			<u>18,144</u>	
Fund balances - September 30, 2017			<u>\$ 2,771</u>	

See accompanying notes to budgetary comparison schedule.



CITY OF CLEWISTON, FLORIDA  
Required Supplementary Information  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2017

	Other Governmental Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	193,813	193,813	162,357	(31,456)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	150	150	219	69
Total revenues	<u>193,963</u>	<u>193,963</u>	<u>162,576</u>	<u>(31,387)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	193,963	193,963	162,576	31,387
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Disaster expenses	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	<u>193,963</u>	<u>193,963</u>	<u>162,576</u>	<u>31,387</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers-in	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - October 1, 2016			<u>-</u>	
Fund balances - September 30, 2017			<u>\$ -</u>	

See accompanying notes to budgetary comparison schedule.

CITY OF CLEWISTON, FLORIDA  
Required Supplementary Information  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual - Governmental Funds (continued)  
Year Ended September 30, 2017

	Total Governmental Funds			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,982,383	\$ 2,982,383	\$ 3,012,045	\$ 29,662
Licenses and permits	85,100	85,100	150,150	65,050
Intergovernmental	2,575,398	2,628,222	1,235,416	(1,392,806)
Charges for services	1,743,811	1,743,811	1,746,218	2,407
Fines and forfeitures	47,600	47,600	138,631	91,031
Miscellaneous	144,931	170,939	343,913	172,974
Total revenues	<u>7,579,223</u>	<u>7,658,055</u>	<u>6,626,373</u>	<u>(1,031,682)</u>
Expenditures				
Current				
General government	1,602,290	1,602,290	1,433,422	168,868
Public safety	4,084,796	4,163,628	2,721,606	1,442,022
Transportation	717,830	717,830	612,445	105,385
Culture and recreation	2,108,859	2,108,859	2,000,363	108,496
Physical environment	328,194	328,194	265,205	62,989
Economic environment	15,430	15,430	15,420	10
Human services	128,585	128,585	112,743	15,842
Disaster expenses	-	-	90,846	(90,846)
Debt service				
Principal retirement	255,493	255,493	255,492	1
Interest expense	11,620	11,620	11,620	-
Total expenditures	<u>9,253,097</u>	<u>9,331,929</u>	<u>7,519,162</u>	<u>1,812,767</u>
Excess of revenues under expenditures	<u>(1,673,874)</u>	<u>(1,673,874)</u>	<u>(892,789)</u>	<u>781,085</u>
Other financing sources (uses)				
Operating transfers-in	1,284,631	1,284,631	1,284,631	-
Loan proceeds	39,281	39,281	-	(39,281)
Total other financing sources (uses)	<u>1,323,912</u>	<u>1,323,912</u>	<u>1,284,631</u>	<u>(39,281)</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (349,962)</u>	<u>\$ (349,962)</u>	391,842	<u>\$ 741,804</u>
Fund balances - October 1, 2016			<u>(384,238)</u>	
Fund balances - September 30, 2017			<u>\$ 7,604</u>	

See accompanying notes to budgetary comparison schedule.

CITY OF CLEWISTON, FLORIDA  
Notes to Budgetary Comparison Schedule - Governmental Funds  
September 30, 2017

NOTE A - BUDGETARY ACCOUNTING

The City annually adopts an operating budget for all funds. The procedures for establishing the budgetary data reflected in the budgetary comparison schedule are as follows:

1. During the summer of each year, the Finance Director submits to the City Commission proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The City advises the County Property Appraiser of the proposed millage rate and the date, time, and place of the public hearing for budget acceptance.
4. The budget is legally enacted through passage of an ordinance required by City Charter and a resolution required by the State of Florida.
5. The transfer of budget 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.
6. The amended budget amounts shown in these financial statements are as amended by the required approval process explained above.
7. Formal budgetary integration is employed within the accounting system as a management control device.
8. Budgets for the General and Special Revenue 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.
9. The preceding schedule is presented at the functional level and not the departmental level.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2017, the following item within the Governmental Funds had expenditures exceeding its budgeted amount:

<u>Expenditure Type</u>	<u>Over Expenditure</u>
General Fund	
Current	
Disaster expenses	
Hurricane Irma	\$90,846

CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Proportionate Share of Net Pension Liability  
 Florida Retirement System Pension Plan  
 Last Ten Fiscal Years (1)

Fiscal Year Ended September 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered- employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percent of Covered- employee Payroll	Plan Fiduciary Net Position as a Percent of the Total Pension Liability
2014	0.005825680%	\$ 355,452	\$ 815,567	43.58%	96.09%
2015	0.005830618%	\$ 753,103	\$ 903,630	83.34%	92.00%
2016	0.006340252%	\$ 1,600,919	\$ 844,735	189.52%	84.88%
2017	0.006016096%	\$ 1,779,521	\$ 812,857	218.92%	83.89%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report. The discount rate decreased from 7.60% in 2016 to 7.10% in 2017.

CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 Florida Retirement System Pension Plan  
 Last Ten Fiscal Years (1)

Fiscal Year Ended September 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	City's Covered- employee Payroll	City's Contributions as a Percent of Covered- employee Payroll
2014	\$ 167,764	\$ 167,764	\$ -	\$ 815,567	20.57%
2015	\$ 192,022	\$ 192,022	\$ -	\$ 903,630	21.25%
2016	\$ 171,537	\$ 171,537	\$ -	\$ 844,735	20.31%
2017	\$ 171,481	\$ 171,481	\$ -	\$ 812,857	21.10%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will presented as they become available.

CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Proportionate Share of Net Pension Liability  
 Florida Retirement System Retiree Health Insurance Subsidy Program  
 Last Ten Fiscal Years **(1)**

Fiscal Year Ended September 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered- employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percent of Covered- employee Payroll	Plan Fiduciary Net Position as a Percent of the Total Pension Liability
2014	0.002889907%	\$ 270,213	\$ 815,567	33.13%	.99%
2015	0.002872070%	\$ 292,906	\$ 903,630	32.41%	.50%
2016	0.002719782%	\$ 316,979	\$ 844,735	37.52%	.97%
2017	0.002592564%	\$ 277,209	\$ 812,857	34.10%	1.64%

**(1)** This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report. The discount rate increased from 2.85% in 2016 to 3.58% in 2017.

CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 Florida Retirement System Retiree Health Insurance Subsidy Program  
 Last Ten Fiscal Years (1)

Fiscal Year Ended September 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	City's Covered- employee Payroll	City's Contributions as a Percent of Covered- employee Payroll
2014	\$ 9,902	\$ 9,902	\$ -	\$ 815,567	1.21%
2015	\$ 12,283	\$ 12,283	\$ -	903,630	1.36%
2016	\$ 14,023	\$ 14,023	\$ -	844,735	1.66%
2017	\$ 13,493	\$ 13,493	\$ -	812,857	1.66%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available.

CITY OF CLEWISTON, FLORIDA  
Required Supplementary Information  
Schedule of Changes in City's Net Pension Liability and Related Ratios  
Frozen Defined Benefit Retirement Plan  
Years Ended September 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability			
Service cost	\$ -	\$ -	\$ -
Interest	772,612	786,296	822,797
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(81,151)	(295,687)	(183,367)
Changes of assumptions and method	373,079	94,020	-
Benefit payments, including refunds of member contributions	<u>(438,937)</u>	<u>(467,103)</u>	<u>(491,350)</u>
Net change in total pension liability	625,603	117,526	148,080
Total pension liability - beginning of year at 7% (6.75% 2016)	<u>11,256,782</u>	<u>11,882,385</u>	<u>11,999,911</u>
Total pension liability - end of year at 7% (a)	<u>\$ 11,882,385</u>	<u>\$ 11,999,911</u>	<u>\$ 12,147,991</u>
Plan fiduciary net position			
Contributions - employer	\$ 126,960	\$ 122,907	\$ 106,286
Contributions - employee	-	-	-
Net investment income	(19,352)	1,105,728	1,389,749
Benefit payments, including refunds of member contributions	(438,937)	(467,103)	(491,350)
Administrative expense	<u>(8,373)</u>	<u>(17,020)</u>	<u>(8,812)</u>
Net change in plan fiduciary net position	(339,702)	744,512	995,873
Plan fiduciary net position - beginning	<u>10,436,417</u>	<u>10,096,715</u>	<u>10,841,227</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,096,715</u>	<u>\$ 10,841,227</u>	<u>\$ 11,837,100</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 1,785,670</u>	<u>\$ 1,158,684</u>	<u>\$ 310,891</u>
Plan fiduciary net position as a percentage of the total pension liability	84.97%	90.34%	97.44%
Covered employee payroll	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net pension liability (asset) as a percentage of covered employee payroll	N/A	N/A	N/A

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.



CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 Frozen Defined Benefit Retirement Plan  
 Fiscal Year Ended September 30, 2017

Fiscal Year Ended September 30,	(1) Actuarilly Determined Contribution	(2) Contributions Recognized by the Plan	(3) Difference Between (1) and (2)	Covered Payroll	Contributions Recognized by the Plan as a Percent of Covered Payroll
2007	\$ 290,988	\$ 290,988	\$ -	\$ 2,392,475	12.16%
2008	\$ 297,996	\$ 297,996	\$ -	\$ 2,538,659	11.74%
2009	\$ 404,902	\$ 404,902	\$ -	\$ 2,627,530	15.41%
2010	\$ 525,216	\$ 525,216	\$ -	\$ 2,539,065	20.69%
2011	\$ 491,049	\$ 491,049	\$ -	\$ 2,736,523	17.94%
2012	\$ 802,061	\$ -	\$ 802,061	\$ 2,766,512	29.00%
2013	\$ 238,320	\$ 238,320	\$ -	\$ -	-
2014	\$ 129,827	\$ 360,000	\$ (230,173)	\$ -	-
2015	\$ 75,515	\$ 126,690	\$ (51,175)	\$ -	-
2016	\$ 122,907	\$ 122,907	\$ -	\$ -	-
2017	\$ 106,286	\$ 106,286	\$ -	\$ -	-

See accompanying notes to Required Supplementary Information - Frozen Defined Benefit Retirement Plan.

CITY OF CLEWISTON, FLORIDA  
 Required Supplementary Information  
 Schedule of Investment Returns  
 Frozen Defined Benefit Retirement Plan  
 Fiscal Year Ended September 30, 2017 **(1)**

<u>Fiscal Year Ended September 30,</u>	<u>Money Weighted Rate of Investment Return</u>
2010	10.67%
2011	-.37%
2012	19.62%
2013	15.40%
2014	11.93%
2015	-.19%
2016	11.16%
2017	13.17%

**(1)** This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

CITY OF CLEWISTON, FLORIDA  
Notes to Required Supplementary Information  
Frozen Defined Benefit Retirement Plan  
Fiscal Year Ended September 30, 2017

NOTE A - INFORMATION USED TO DETERMINE THE NET PENSION LIABILITY

Employer's reporting date:	September 30, 2017
Measurement date:	September 30, 2017
Actuarial valuation date:	October 1, 2017
Actuarial cost method:	Individual entry age normal cost method
Amortization method:	Level dollar, open
Asset valuation method:	The actuarial value of assets equals the fair market value as of the valuation date (including any discounted receivable contributions), plus 2/3 of the actual earnings minus expected earnings for the preceding 12 months (plan year), plus 1/3 of the actual earnings minus expected earnings for the 12 months (plan year) preceding that date, as described in the Internal Revenue Notice 2009-22. The actuarial value of assets is adjusted to be within 90-110% of the fair market value on the valuation date.

Actuarial Assumptions for  
Basic Valuation

October 1, 2017 and October 1, 2016

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Interest

Pre-retirement and post-retirement	7% per annum compounded annually
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Mortality rates

Pre-retirement and post-retirement	IRS Prescribed Mortality RP2000 - Generational White Collar Annuitant using Scale BB for females RP2000 - Generational Blended 50% White Collar and 50% Blue Collar Annuitant using Scale BB for males
------------------------------------	---

Termination rates	2003 Society of Actuaries Small Plan Age Table multiplied by .70
Disability rates	1987 Commissioner's Group Disability Table
Salary projections	None - as the Plan has been frozen
Retirement age	Active: Earlier of age 62 with 10 years of service or age 65 with 5 years of participation Inactive: Normal retirement date
Percent married	75%, husbands are 3 years older than wives
Expenses	Estimated annual expenses
Cost-of-living increase	3% per annum

CITY OF CLEWISTON, FLORIDA  
Schedule of Revenues and Expenses -  
Business-type Activities - Water and Sewer Fund  
Water and Sewer Systems  
Year Ended September 30, 2017

	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Operating revenues			
Charges for services	<u>\$ 2,195,054</u>	<u>\$ 1,383,101</u>	<u>\$ 3,578,155</u>
Operating expenses			
Personal services	368,006	418,583	786,589
Contractual services	294,780	245,159	539,939
Supplies	103,932	90,707	194,639
Utilities	278,976	172,249	451,225
Insurance	21,432	13,308	34,740
Repairs and maintenance	104,894	179,517	284,411
Disaster expenses			
Hurricane Irma	7,313	7,312	14,625
Depreciation	486,052	296,728	782,780
Miscellaneous and bad debts	<u>5,653</u>	<u>4,178</u>	<u>9,831</u>
Total operating expenses	<u>1,671,038</u>	<u>1,427,741</u>	<u>3,098,779</u>
Operating income (loss)	<u>524,016</u>	<u>(44,640)</u>	<u>479,376</u>
Nonoperating revenues (expenses)			
Interest income	15,169	27,926	43,095
Miscellaneous	-	12,245	12,245
Interest expense and fiscal charges	<u>(536,620)</u>	<u>(17,834)</u>	<u>(554,454)</u>
Total nonoperating revenues (expenses)	<u>(521,451)</u>	<u>22,337</u>	<u>(499,114)</u>
Income (loss) before contributions and operating transfers	2,565	(22,303)	(19,738)
Capital contributions	25,270	21,504	46,774
Operating transfers-out	<u>(173,831)</u>	<u>(109,530)</u>	<u>(283,361)</u>
Changes in net position	<u>\$ (145,996)</u>	<u>\$ (110,329)</u>	<u>\$ (256,325)</u>

CITY OF CLEWISTON, FLORIDA  
 Schedule to Determine Compliance With  
 Interlocal Fire Protection Agreement  
 For the Fiscal Year Ended  
 September 30, 2017

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

Expenditures - current	
Public safety	
Fire	\$ 486,616
Less First Responder costs to be paid by Hendry County	<u>(28,204)</u>
Total Fire Department expenditures as adjusted	458,412
Hendry County's reimbursement percentage of Fire Department expenditures per agreement	67%
Portion of Fire Department expenditures to be paid by Hendry County	307,136
First Responder costs to be paid by Hendry County	<u>28,204</u>
Total Fire Department and First Responder expenditures to be reimbursed by Hendry County	335,340
Total previously received from Hendry County for Fire Services	<u>243,653</u>
Amount due from Hendry County for the fiscal year ended September 30, 2017	<u><u>\$ 91,687</u></u>

CITY OF CLEWISTON, FLORIDA  
 Schedule to Determine Compliance With  
 Interlocal Animal Control Agreement  
 For the Fiscal Year Ended  
 September 30, 2017

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

Expenditures - current	
Human services	
Animal Control	\$ 112,743
Hendry County's reimbursement percentage of Animal Control expenditures per agreement	67%
Portion of Animal Control expenditures to be paid by Hendry County	75,538
Total received from Hendry County for Animal Control services	<u>57,852</u>
Amount due from Hendry County for the fiscal year ended September 30, 2017	<u>\$ 17,686</u>

CITY OF CLEWISTON, FLORIDA  
Schedule of Expenditures of Federal  
Awards and State Financial Assistance  
Year Ended September 30, 2017

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	2016-BUBX16081206	\$ 1,569	\$ 1,569	\$ -
<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 Program FY 2016					
(G) CPD - Mobile Security Authentication	16.738	2016-DJ-BX-1005	\$ 5,508	5,508	-
Passed Through State of Florida, Office of Criminal Justice Grants, Florida Department of Law Enforcement					
(G) Mobile Communications Upgrade Phase 2	16.738	2016-JAGC-HEND-2-H3-109	\$ 19,234	19,234	-
(G) Mobile Communications Upgrade P25 Phase 2	16.738	2017-JAGC-HEND-1-F9-013	\$ 24,860	24,860	-
(G) Mobile Communications Upgrade P25	16.738	2017-JAGD-HEND-1-F8-034	\$ 3,221	<u>3,221</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>				<u>54,392</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 54,392</u>	<u>\$ -</u>

CITY OF CLEWISTON, FLORIDA  
Schedule of Expenditures of Federal  
Awards and State Financial Assistance (continued)  
Year Ended September 30, 2017

State Agency /State Program	CSFA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
<b>Florida Department of State</b>					
(G) Division of Library and Information Services					
State Aid to Libraries Grant	45.030	16-ST-18	\$ 178,852	\$ 41,523	\$ -
State Aid to Libraries Grant	45.030	17-ST-18	\$ 176,785	<u>120,834</u>	<u>68,663</u>
<b>Total Florida Department of State</b>				162,357	68,663
<b>Florida Department of Law Enforcement</b>					
(G) City of Clewiston - Police Station	71.017	G1603	\$ 1,500,000	<u>77,339</u>	<u>-</u>
<b>Total Expenditures of State Financial Assistance</b>				<u>\$ 239,696</u>	<u>\$ 68,663</u>



CITY OF CLEWISTON, FLORIDA  
Notes to Schedule of Expenditures of Federal  
Awards and State Financial Assistance  
For the Year Ended September 30, 2017

NOTE A - REPORTING ENTITY

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance 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, 2017.

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, 2017. 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, 2017.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding as of September 30, 2017</u>
State Revolving Fund	66.458	WW260400	\$505,482
State Revolving Fund	66.458	WW260401	\$252,622

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		\$ 26,452
Barron Public Library		<u>42,211</u>
		<u>\$ 68,663</u>

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
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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  
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, 2017, 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 22, 2018.

**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.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, (Finding 2009-1) described in the accompanying schedule of findings and responses that we consider to be a material weakness.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

The City of Clewiston, Florida's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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 & Swindle, P.A.

Clewiston, Florida  
June 22, 2018

CITY OF CLEWISTON, FLORIDA  
Schedule of Findings and Responses  
For the Year Ended September 30, 2017

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.

**BOY, MILLER & SWINDLE, P.A.**  
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INDEPENDENT ACCOUNTANT'S REPORT ON  
COMPLIANCE WITH THE REQUIREMENTS  
OF SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and City Commissioners  
City of Clewiston, Florida

We have examined the compliance of the City of Clewiston, Florida, with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the City'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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, in all material respects. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City of Clewiston, Florida's compliance with specified requirements.

In our opinion, the City of Clewiston, Florida, complied, in all material respects, with the requirements of Section 218.415, Florida Statutes for the fiscal year ended September 30, 2017.

This report 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 other granting agencies, the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Boy, Miller & Swindle, P.A.*

Clewiston, Florida  
June 22, 2018

**BOY, MILLER & SWINDLE, P.A.**  
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MANAGEMENT LETTER IN ACCORDANCE WITH  
THE RULES OF THE AUDITOR GENERAL OF THE  
STATE OF FLORIDA

Honorable Mayor and City Commissioners  
City of Clewiston, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Clewiston, Florida, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 22, 2018.

**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 Reporting Requirements**

We have issued our 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*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 22, 2018, 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 Finding 2009-1 which is described in the Schedule of Findings and Responses on page 97 and was included in the second preceding fiscal year annual financial audit report.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name and legal authority for the City of Clewiston, Florida, is disclosed in the notes to the financial statements. There were no component units related to the City of Clewiston, Florida.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Clewiston, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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 for the City of Clewiston, Florida. 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General require that we apply appropriate procedures and 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, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.29(3)(b), Florida Statutes. Such disclosure is included in the notes to the financial statements.

### **Additional Matters**

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other 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 & Swindle, P.A.*

Clewiston, Florida  
June 22, 2018



# CITY OF CLEWISTON

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June 20, 2018

Ms. Sherrill F. Norman, CPA  
Auditor General, State of Florida  
111 West Madison Street  
Claude Denson Pepper Building  
Tallahassee, Florida 32399-1450

Reference: City of Clewiston's response to auditors' findings in the Schedule of Findings and Responses for the Fiscal Year 2016 - 2017.

Dear Ms. Norman:

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 Comment Which Continues to Apply

Finding 2009-1 – Internal Control over Financial Reporting

We are a small entity with limited resources. We have reviewed the requirements regarding the Statements on Auditing Standards as they relate to financial reporting.

As it is not economically feasible for the City to hire an individual to meet the Statements on Auditing Standards at this time, we continue to focus on improvements and assessing the cost of meeting these standards going into the future.

Current Year Comments and Recommendations

None

Sincerely,

CITY OF CLEWISTON



Shari Howell  
Finance Director