

CITY OF CLEWISTON, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

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CITY OF CLEWISTON, FLORIDA

ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Commission,
City of Clewiston, Florida

Report on the Audit of the Financial Statements

Opinions

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** (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary information as listed in the table of contents on pages 51 through 60 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, (schedule of revenues, and expenses water and sewer fund, the schedule to determine compliance with interlocal fire protection agreement, and the schedule to determine compliance with interlocal animal control agreement) are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information and the schedule of expenditures of federal awards and state financial assistance 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 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bradenton, Florida
June 30, 2023

Mauldin & Jenkins, LLC

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CITY OF CLEWISTON, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

Management's discussion and analysis presents a narrative overview and analysis of the City of Clewiston's (the "City") financial performance for the fiscal year ended September 30, 2022. 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 11) and notes to the financial statements (pages 23 through 50).

HIGHLIGHTS

Financial Highlights for the Fiscal Year Ended September 30, 2022 and Subsequent Financial Information are shown below:

1. The City's overall net position increased by \$5,610,255.
2. The total cost of all the City's programs was \$26,583,384 which was \$3,316,121 more than the prior year.
3. The City's governmental activities increased net position by \$2,574,148, substantially as a result of transfers from business-type activities of \$1,032,912.
4. During the year, the City had expenses of \$8,006,988 for governmental activities, which was \$572,489 more than the prior year.
5. The City's business-type activities increased net position by \$3,036,107 as a result of program and general revenues in excess of expenses of \$4,069,019 minus internal transfers-out of \$1,032,912.
6. The State Aid to Libraries Grant funding received in fiscal year 2022 totaled \$131,552.
7. During the fiscal year ended September 30, 2022, the City received a Small County Outreach Program (SCOP) grant from the Florida Department of Transportation (FDOT) in the amount of \$812,857. The grant will provide funding support to complete a roadway improvement asphalt resurfacing project for West Ventura Avenue from South Deane Duff Avenue to W.C. Owen Avenue. The project design phase is scheduled to begin soon with construction planned for early, 2024.
8. The City also received a federal Congressional appropriation during the fiscal year ended September 30, 2022 in the form of a fiscal year 2022 Community Project Funding (CPF) grant to be administered by the U.S. Department of Housing and Urban Development (HUD) in the amount of \$999,858 to complete streetscape improvements to compliment the SCOP grant resurfacing project scope for the same section of West Ventura Avenue from South Deane Duff Avenue to W.C. Owen Avenue. The project design phase will also begin soon with construction also planned for early, 2024.
9. Late in calendar year 2022, the City was approved for a federal Congressional appropriation in the form of a fiscal year 2023 CPF grant to be administered by the U.S. Department of HUD in the amount of \$3,000,000 to provide partial funding for a project to upgrade and expand the City's wastewater treatment plant (WWTP). These funds will provide for the design and permitting elements of the project to proceed while additional funding resources are secured to complete the full scope of planned facility upgrades. To this end, the City is seeking additional federal and state appropriations to fully fund all elements of the WWTP project currently estimated to cost approximately \$14,000,000. This project is necessary to ensure operations comply with applicable federal and state permit requirements and to ensure adequate treatment capacity for meeting current and future needs.
10. During fiscal year 2022, the City was approved for a state legislative appropriation in the form of a fiscal year 2023 state budget grant to be administered by the Florida Department of Environmental Protection (DEP) in the amount of \$4,000,000 to fund a public water supply improvement project from the western City limits and along the U.S. 27 highway corridor west to the Airglades Airport site. This project will improve water supply to impacted areas and specifically improve fire protection capabilities and facilitate future development in the vicinity.

CITY OF CLEWISTON, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

11. During the fiscal year ended September 30, 2022, the City was approved for funding to complete phase three of its comprehensive infiltration and inflow program (I & I) with funding received from the Florida DEP State Revolving Loan Fund (SRF). Phase three scope of work focuses primarily on pump, electrical and lift station improvements. The project is currently under construction which is expected to be complete in 2024. The SRF funding for this phase totaled \$2,955,000. It was comprised of \$2,364,000 in grant funding with an additional \$591,000 in loan proceeds at 0% interest.
12. Late in the fiscal year, the City was impacted by Hurricane Ian and requested funding assistance through FEMA. The expenses realized from the impact of the storm were primarily related to the collection of vegetative debris and power restoration. The city is currently in the process of finalizing the funding requests.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements 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 information on all of the City's assets and liabilities, with the difference between the two 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, developmental services, and culture and recreation. The business-type activities of the City include electric, water and sewer, and solid waste operations.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over 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 two categories: (1) governmental funds, and (2) proprietary funds.

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

CITY OF CLEWISTON, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Community Redevelopment, which are considered to be major funds. Data from the other governmental fund is combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, Community Redevelopment and Grants Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds. The City of Clewiston, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water and sewer, and solid waste.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer, and solid waste operations, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 17 through 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 50 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's assets (and deferred outflows of resources) exceeded liabilities (and deferred inflows of resources) by \$43.9 million (net position) at September 30, 2022.

\$26.7 million (61%) of the City's net position reflects its investment in capital assets (e.g. land, construction in progress, buildings, vehicles, and machinery and equipment) less related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF CLEWISTON, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City:

City of Clewiston, Florida's Net Position

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 7,176,355 | \$ 6,354,939 | \$ 21,763,430 | \$ 20,468,058 | \$ 28,939,785 | \$ 26,822,997 |
| Capital assets | 10,246,903 | 8,337,029 | 31,149,971 | 30,295,617 | 41,396,874 | 38,632,646 |
| Total assets | <u>17,423,258</u> | <u>14,691,968</u> | <u>52,913,401</u> | <u>50,763,675</u> | <u>70,336,659</u> | <u>65,455,643</u> |
| Total deferred outflows of resources | <u>1,765,593</u> | <u>436,950</u> | <u>759,219</u> | <u>26,630</u> | <u>2,524,812</u> | <u>463,580</u> |
| Other liabilities | 1,912,886 | 723,070 | 6,251,523 | 4,583,827 | 8,164,409 | 5,306,897 |
| Long-term liabilities | 4,023,514 | 1,819,036 | 15,804,351 | 17,088,143 | 19,827,865 | 18,907,179 |
| Total liabilities | <u>5,936,400</u> | <u>2,542,106</u> | <u>22,055,874</u> | <u>21,671,970</u> | <u>27,992,274</u> | <u>24,214,076</u> |
| Total deferred inflows of resources | <u>755,110</u> | <u>2,663,619</u> | <u>195,981</u> | <u>733,677</u> | <u>951,091</u> | <u>3,397,296</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 10,112,214 | 8,142,623 | 16,648,580 | 13,737,408 | 26,760,794 | 21,880,031 |
| Restricted | 338,230 | 119,885 | 3,744,058 | 3,641,591 | 4,082,288 | 3,761,476 |
| Unrestricted | 2,046,897 | 1,660,685 | 11,028,127 | 11,005,659 | 13,075,024 | 12,666,344 |
| Total net position | <u>\$ 12,497,341</u> | <u>\$ 9,923,193</u> | <u>\$ 31,420,765</u> | <u>\$ 28,384,658</u> | <u>\$ 43,918,106</u> | <u>\$ 38,307,851</u> |

A portion of the City's net position, \$4.1 million (9%), represents resources that are subject to restrictions on how they may be used. The unrestricted portion of net position, \$13.1 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's overall financial condition improved during the year ended September 30, 2022. The overall increase in the City's net position was \$5.61 million (14.6%) during the year.

CITY OF CLEWISTON, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

City of Clewiston, Florida's Changes in Net Position

Statement of Activities
As of September 30, 2021

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,908,439 | \$ 1,870,807 | \$ 20,001,442 | \$ 17,274,702 | \$ 21,909,881 | \$ 19,145,509 |
| Operating grants and contributions | 671,564 | 1,436,200 | - | - | 671,564 | 1,436,200 |
| Capital grants and contributions | 1,260,574 | 62,545 | 2,510,212 | 81,927 | 3,770,786 | 144,472 |
| General revenues: | | | | | | |
| Property taxes | 1,813,810 | 1,637,232 | - | - | 1,813,810 | 1,637,232 |
| Other taxes | 3,414,343 | 2,969,171 | - | - | 3,414,343 | 2,969,171 |
| Other | 479,494 | 125,721 | 133,761 | 32,017 | 613,255 | 157,738 |
| Total revenues | <u>9,548,224</u> | <u>8,101,676</u> | <u>22,645,415</u> | <u>17,388,646</u> | <u>32,193,639</u> | <u>25,490,322</u> |
| Operating expenses: | | | | | | |
| General government | 1,453,505 | 1,898,842 | - | - | 1,453,505 | 1,898,842 |
| Public safety | 2,944,614 | 2,444,104 | - | - | 2,944,614 | 2,444,104 |
| Transportation | 736,285 | 686,868 | - | - | 736,285 | 686,868 |
| Physical environment | 328,693 | 258,221 | - | - | 328,693 | 258,221 |
| Economic environment | 35,804 | 105,082 | - | - | 35,804 | 105,082 |
| Culture and recreation | 2,294,918 | 1,873,296 | - | - | 2,294,918 | 1,873,296 |
| Human services | 208,936 | 159,153 | - | - | 208,936 | 159,153 |
| Interest on long-term debt | 4,233 | 8,933 | - | - | 4,233 | 8,933 |
| Electric | - | - | 12,947,840 | 10,329,778 | 12,947,840 | 10,329,778 |
| Water and sewer | - | - | 4,162,300 | 4,142,945 | 4,162,300 | 4,142,945 |
| Solid waste | - | - | 1,466,256 | 1,360,041 | 1,466,256 | 1,360,041 |
| Total operating expenses | <u>8,006,988</u> | <u>7,434,499</u> | <u>18,576,396</u> | <u>15,832,764</u> | <u>26,583,384</u> | <u>23,267,263</u> |
| Increase in net position before transfers | 1,541,236 | 667,177 | 4,069,019 | 1,555,882 | 5,610,255 | 2,223,059 |
| Transfers | 1,032,912 | 1,331,126 | (1,032,912) | (1,331,126) | - | - |
| Change in net position | 2,574,148 | 1,998,303 | 3,036,107 | 224,756 | 5,610,255 | 2,223,059 |
| Net position, beginning | 9,923,193 | 7,924,890 | 28,384,658 | 28,159,902 | 38,307,851 | 36,084,792 |
| Net position, ending | <u>\$ 12,497,341</u> | <u>\$ 9,923,193</u> | <u>\$ 31,420,765</u> | <u>\$ 28,384,658</u> | <u>\$ 43,918,106</u> | <u>\$ 38,307,851</u> |

CITY OF CLEWISTON, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022 is \$41.4 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, wastewater and drainage systems improvements, vehicles, machinery and equipment, park facilities, roads and highways, and software. There was a net increase of the City's investment in capital assets for the year ended September 30, 2022 of \$2,764,228 due mostly to construction projects in progress during the year.

City of Clewiston, Florida's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 1,836,719 | \$ 1,836,719 | \$ 670,142 | \$ 670,142 | \$ 2,506,861 | \$ 2,506,861 |
| Construction in progress | 2,385,912 | 775,342 | 3,022,916 | 1,416,149 | 5,408,828 | 2,191,491 |
| Buildings | 2,138,222 | 2,115,872 | 71,766 | 82,495 | 2,209,988 | 2,198,367 |
| Improvements | 2,125,441 | 2,325,920 | 23,969,971 | 24,668,571 | 26,095,412 | 26,994,491 |
| Machinery and equipment | 1,760,609 | 1,283,176 | 3,415,176 | 3,458,260 | 5,175,785 | 4,741,436 |
| Total capital assets | \$ 10,246,903 | \$ 8,337,029 | \$ 31,149,971 | \$ 30,295,617 | \$ 41,396,874 | \$ 38,632,646 |

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term debt. At September 30, 2022, the City had total long-term liabilities outstanding of \$18.9 million. The debt amount represents notes payable and bonds payable secured by specified revenue sources and equipment.

City of Clewiston, Florida's Long-Term Liabilities Outstanding

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Notes payable | \$ 134,689 | \$ 194,406 | \$ 2,985,392 | \$ 4,764,209 | \$ 3,120,081 | \$ 4,958,615 |
| Bonds payable | - | - | 11,516,000 | 11,794,000 | 11,516,000 | 11,794,000 |
| Net pension liability | 3,075,257 | 579,189 | - | - | 3,075,257 | 579,189 |
| Total OPEB liability | 636,249 | 885,086 | 323,708 | 450,309 | 959,957 | 1,335,395 |
| Compensated absences | 177,319 | 160,355 | 90,848 | 79,625 | 268,167 | 239,980 |
| Total debt | \$ 4,023,514 | \$ 1,819,036 | \$ 14,915,948 | \$ 17,088,143 | \$ 18,939,462 | \$ 18,907,179 |

Additional information on the City's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budget and Rates

The City Commission considered many factors while determining the fiscal year 2023 budget, setting the new millage rate, and analyzing the fees which will be charged by the business-type activities.

Evaluating the fees charged by the business-type activities has continued to be a primary element of the City's fiscal planning. This focus has been necessary as the City manages the fluctuating increase of costs along with supply shortages and delays for materials vital to maintaining operations, while remaining committed to addressing the aging government-wide infrastructure for which these essential activities depend.

Working in collaboration with Hendry County regarding fire and emergency medical services and the method of funding for each, the City was able to procure professional services to prepare a study for utilizing a special assessment funding method for the City share of fire protection services in lieu of the city ad valorem method of taxation historically used. The special assessment funding mechanism for fire services is expected to be considered during the fiscal year 2024 budget process.

CITY OF CLEWISTON, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

While forecasting for the local market and economy remains challenging as strategies are adapted for a post-pandemic, state-wide financial conditions remain solid. This has been in spite of being directly impacted by the effects of Hurricane Ian, most especially felt by the southwest coastal communities of the state.

The City's unemployment rate in April 2023 remained almost unchanged from the previous year, adjusting slightly from 3.3% to 3.4% on an annual basis.

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 vegetable growers, general merchandise, and grocery retail establishments.

The City's estimated population as of April 1, 2022 is 7,316.

Requests for Information

This discussion and analysis is designed to provide a general overview of the City's finances for readers of the City's financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Clewiston Finance Department, 115 West Ventura Avenue, Clewiston, Florida 33440. Additional information can be found on the City's website at <http://www.clewiston-fl.gov>.

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BASIC FINANCIAL STATEMENTS

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CITY OF CLEWISTON, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 5,784,316 | \$ 10,077,006 | \$ 15,861,322 |
| Accounts receivables, net | 589,601 | 3,833,688 | 4,423,289 |
| Due from other governments | 1,690,699 | 187,257 | 1,877,956 |
| Internal balances | (1,072,392) | 1,072,392 | - |
| Prepaid items | 6,075 | - | 6,075 |
| Inventory | 178,056 | 908,442 | 1,086,498 |
| Restricted asset, cash and cash equivalents | - | 3,218,981 | 3,218,981 |
| Restricted investments | - | 2,040,457 | 2,040,457 |
| Restricted accounts receivable | - | 425,207 | 425,207 |
| Capital assets | | | |
| Non-depreciable | 4,222,631 | 3,693,058 | 7,915,689 |
| Depreciable, net | 6,024,272 | 27,456,913 | 33,481,185 |
| Total assets | <u>17,423,258</u> | <u>52,913,401</u> | <u>70,336,659</u> |
| Deferred outflows of resources | | | |
| Deferred outflows - pension | 1,723,720 | 737,916 | 2,461,636 |
| Deferred outflows - OPEB | 41,873 | 21,303 | 63,176 |
| Total deferred outflows of resources | <u>1,765,593</u> | <u>759,219</u> | <u>2,524,812</u> |
| Liabilities | | | |
| Accounts payable | 1,410,814 | 2,099,952 | 3,510,766 |
| Accrued liabilities | 139,691 | 57,514 | 197,205 |
| Due to other governments | 779 | - | 779 |
| Accrued interest payable | - | 53,805 | 53,805 |
| Customer deposits payable | 45,194 | 948,537 | 993,731 |
| Unearned revenue | 316,408 | 3,091,715 | 3,408,123 |
| Noncurrent liabilities | | | |
| Due within one year | 83,370 | 487,462 | 570,832 |
| Due in more than one year | 3,940,144 | 15,316,889 | 19,257,033 |
| Total liabilities | <u>5,936,400</u> | <u>22,055,874</u> | <u>27,992,274</u> |
| Deferred inflows of resources | | | |
| Deferred inflows - pension | 369,910 | - | 369,910 |
| Deferred inflows - OPEB | 385,200 | 195,981 | 581,181 |
| Total deferred inflows of resources | <u>755,110</u> | <u>195,981</u> | <u>951,091</u> |
| Net position | | | |
| Net investment in capital assets | 10,112,214 | 16,648,580 | 26,760,794 |
| Restricted for | | | |
| Capital improvements | - | 3,125,022 | 3,125,022 |
| Community development | 338,230 | - | 338,230 |
| Debt service | - | 619,036 | 619,036 |
| Unrestricted | 2,046,897 | 11,028,127 | 13,075,024 |
| Total net position | <u>\$ 12,497,341</u> | <u>\$ 31,420,765</u> | <u>\$ 43,918,106</u> |

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CLEWISTON, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

| | <u>General Fund</u> | <u>Clewiston Redevelopment Agency</u> | <u>Nonmajor Grants Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|-------------------------------------|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 5,262,239 | \$ 353,230 | \$ 168,847 | \$ 5,784,316 |
| Accounts receivable, net | 589,601 | - | - | 589,601 |
| Due from other funds | 128,284 | - | 8 | 128,292 |
| Due from other governments | 1,690,699 | - | - | 1,690,699 |
| Inventory | 178,056 | - | - | 178,056 |
| Prepaid items | 6,075 | - | - | 6,075 |
| Total assets | <u>\$ 7,854,954</u> | <u>\$ 353,230</u> | <u>\$ 168,855</u> | <u>\$ 8,377,039</u> |
| Liabilities and fund balances (deficit) | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,370,936 | \$ 15,000 | \$ 24,878 | \$ 1,410,814 |
| Accrued liabilities | 136,937 | - | 369 | 137,306 |
| Due to other governments | 779 | - | - | 779 |
| Customer deposits | 45,194 | - | - | 45,194 |
| Unearned revenue | 172,280 | - | 144,128 | 316,408 |
| Due to other funds | 1,198,436 | - | - | 1,198,436 |
| Advances from other funds | 2,248 | - | - | 2,248 |
| Total liabilities | <u>2,926,810</u> | <u>15,000</u> | <u>169,375</u> | <u>3,111,185</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue - intergovernmental | 1,088,737 | - | - | 1,088,737 |
| Fund balances (deficit) | | | | |
| Nonspendable | 439,059 | - | - | 439,059 |
| Restricted | | | | |
| Community redevelopment | - | 338,230 | - | 338,230 |
| Unassigned | 3,400,348 | - | (520) | 3,399,828 |
| Total fund balances (deficit) | <u>3,839,407</u> | <u>338,230</u> | <u>(520)</u> | <u>4,177,117</u> |
| Total liabilities and fund balances (deficit) | <u>\$ 7,854,954</u> | <u>\$ 353,230</u> | <u>\$ 168,855</u> | <u>\$ 8,377,039</u> |

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CLEWISTON, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

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

| | | |
|---|---------------------|----------------------|
| Total fund balances - governmental funds | | \$ 4,177,117 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Governmental capital assets | \$ 29,691,849 | |
| Accumulated depreciation | <u>(19,444,946)</u> | 10,246,903 |
| Revenues not available to pay current period expenditures are reported as unavailable revenue in the governmental funds. | | |
| | | 1,088,737 |
| Deferred outflows, deferred inflows, and the net pension asset and liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds. | | |
| Deferred outflows - pension | 1,723,720 | |
| Deferred outflows - OPEB | 41,873 | |
| Deferred inflows - pension | (369,910) | |
| Deferred inflows - OPEB | (385,200) | |
| Net pension liability | (3,075,257) | |
| Total OPEB liability | <u>(636,249)</u> | (2,701,023) |
| Certain liabilities are not due and payable in the current period and are therefore not reported in the funds. | | |
| Accrued interest payable | (2,385) | |
| Compensated absences | (177,319) | |
| Notes payable | <u>(134,689)</u> | <u>(314,393)</u> |
| Net position of governmental activities | | <u>\$ 12,497,341</u> |

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CLEWISTON, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>General Fund</u> | <u>Clewiston Redevelopment Agency</u> | <u>Nonmajor Grants Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|-------------------------------------|---|
| Revenues | | | | |
| Property taxes | \$ 1,813,810 | \$ 101,726 | \$ - | \$ 1,915,536 |
| Utility taxes | 589,947 | - | - | 589,947 |
| Business taxes | 41,156 | - | - | 41,156 |
| Communication services tax | 187,916 | - | - | 187,916 |
| Licenses and permits | 120,385 | - | - | 120,385 |
| Intergovernmental revenues | 3,672,624 | 115,266 | 124,955 | 3,912,845 |
| Charges for services | 1,361,012 | - | - | 1,361,012 |
| Franchise fees | 55,968 | - | - | 55,968 |
| Fines and forfeitures | 33,067 | - | - | 33,067 |
| Investment earnings | 29,909 | 1,353 | 259 | 31,521 |
| Miscellaneous revenues | 303,715 | - | - | 303,715 |
| Total revenues | <u>8,209,509</u> | <u>218,345</u> | <u>125,214</u> | <u>8,553,068</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,584,866 | - | - | 1,584,866 |
| Public safety | 2,803,029 | - | - | 2,803,029 |
| Transportation | 560,789 | - | - | 560,789 |
| Physical environment | 328,689 | - | - | 328,689 |
| Economic environment | 10,822 | - | - | 10,822 |
| Culture and recreation | 1,977,611 | - | 125,214 | 2,102,825 |
| Human services | 196,655 | - | - | 196,655 |
| Debt service | | | | |
| Principal retirement | 59,717 | - | - | 59,717 |
| Interest | 4,233 | - | - | 4,233 |
| Capital outlay | 2,343,743 | - | - | 2,343,743 |
| Total expenditures | <u>9,870,154</u> | <u>-</u> | <u>125,214</u> | <u>9,995,368</u> |
| Excess of revenues (deficiency) over (under) expenditures | <u>(1,660,645)</u> | <u>218,345</u> | <u>-</u> | <u>(1,442,300)</u> |
| Other financing sources | | | | |
| Sale of capital assets | 144,258 | - | - | 144,258 |
| Transfers in | 1,032,912 | - | - | 1,032,912 |
| Total other financing sources | <u>1,177,170</u> | <u>-</u> | <u>-</u> | <u>1,177,170</u> |
| Change in fund balances | (483,475) | 218,345 | - | (265,130) |
| Fund balances (deficit), beginning of year | 4,322,882 | 119,885 | (520) | 4,442,247 |
| Fund balances (deficit), end of year | <u>\$ 3,839,407</u> | <u>\$ 338,230</u> | <u>\$ (520)</u> | <u>\$ 4,177,117</u> |

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CLEWISTON, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | | |
|--|------------------|----------------------------|
| Net Change in Fund Balances – Total Governmental Funds | | \$ (265,130) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p> | | |
| Capital outlay | \$ 2,517,592 | |
| Less current year depreciation | <u>(604,861)</u> | 1,912,731 |
| <p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p> | | |
| | | (2,857) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p> | | |
| Principal repayment of long-term debt | | 59,717 |
| <p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:</p> | | |
| Intergovernmental revenue | | 850,898 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p> | | |
| Change in compensated absences | (16,964) | |
| Change in total OPEB liability | 14,590 | |
| Change in net pension liability | <u>21,163</u> | <u>18,789</u> |
| Change in net position of governmental activities | | \$ <u>2,574,148</u> |

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CLEWISTON, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2022

| | Electric Fund | Water and Sewer Fund | Solid Waste Fund | Total |
|---|----------------------|-------------------------|---------------------|----------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 5,893,586 | \$ 3,600,573 | \$ 582,847 | \$ 10,077,006 |
| Accounts receivable, net | 2,223,367 | 1,261,602 | 348,719 | 3,833,688 |
| Due from other governments | - | 187,257 | - | 187,257 |
| Due from other funds | 1,251,013 | - | 1,360 | 1,252,373 |
| Advances to other funds | - | 2,248 | - | 2,248 |
| Inventory | 640,694 | 267,748 | - | 908,442 |
| Restricted cash and cash equivalents | 1,515,380 | 1,703,601 | - | 3,218,981 |
| Restricted investments | - | 2,040,457 | - | 2,040,457 |
| Restricted accounts receivable | 425,207 | - | - | 425,207 |
| Total current assets | <u>11,949,247</u> | <u>9,063,486</u> | <u>932,926</u> | <u>21,945,659</u> |
| Noncurrent assets | | | | |
| Capital assets, non-depreciable | 412,974 | 3,280,084 | - | 3,693,058 |
| Capital assets, net | 4,128,254 | 23,037,100 | 291,559 | 27,456,913 |
| Total noncurrent assets | <u>4,541,228</u> | <u>26,317,184</u> | <u>291,559</u> | <u>31,149,971</u> |
| Total assets | <u>16,490,475</u> | <u>35,380,670</u> | <u>1,224,485</u> | <u>53,095,630</u> |
| Deferred outflows of resources | | | | |
| Deferred outflows - pension | 450,949 | 184,479 | 102,488 | 737,916 |
| Deferred outflows - OPEB | 8,813 | 8,800 | 3,690 | 21,303 |
| Total deferred outflows of resources | <u>459,762</u> | <u>193,279</u> | <u>106,178</u> | <u>759,219</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 1,492,578 | 542,885 | 64,489 | 2,099,952 |
| Notes payable | 80,026 | 108,712 | - | 188,738 |
| Accrued liabilities | 32,862 | 18,056 | 6,596 | 57,514 |
| Due to other funds | 1,368 | 180,861 | - | 182,229 |
| Unearned revenue | - | 3,091,715 | - | 3,091,715 |
| Compensated absences | 4,394 | 325 | 4,005 | 8,724 |
| Liabilities payable from restricted assets | | | | |
| Accrued interest | 11,599 | 42,206 | - | 53,805 |
| Customer deposits payable | 948,537 | - | - | 948,537 |
| Bonds payable - current portion | - | 290,000 | - | 290,000 |
| Total current liabilities | <u>2,571,364</u> | <u>4,274,760</u> | <u>75,090</u> | <u>6,921,214</u> |
| Noncurrent liabilities | | | | |
| Compensated absences | 41,978 | 35,840 | 4,306 | 82,124 |
| Notes payable, net of current portion | 1,230,552 | 1,566,101 | - | 2,796,653 |
| Revenue bonds payable, net of current portion | - | 11,226,000 | - | 11,226,000 |
| Net pension liability | 542,914 | 222,101 | 123,389 | 888,404 |
| Total OPEB liability | 133,915 | 133,722 | 56,071 | 323,708 |
| Total non-current liabilities | <u>1,949,359</u> | <u>13,183,764</u> | <u>183,766</u> | <u>15,316,889</u> |
| Total liabilities | <u>4,520,723</u> | <u>17,458,524</u> | <u>258,856</u> | <u>22,238,103</u> |
| Deferred inflows of resources | | | | |
| Deferred inflows - OPEB | 81,075 | 80,959 | 33,947 | 195,981 |
| Total deferred inflows of resources | <u>81,075</u> | <u>80,959</u> | <u>33,947</u> | <u>195,981</u> |
| Net position | | | | |
| Net investment in capital assets | 3,230,650 | 13,126,371 | 291,559 | 16,648,580 |
| Restricted for | | | | |
| Debt service | - | 619,036 | - | 619,036 |
| Capital improvements | - | 3,125,022 | - | 3,125,022 |
| FMPA | 425,207 | - | - | 425,207 |
| Unrestricted | 8,692,582 | 1,164,037 | 746,301 | 10,602,920 |
| Total net position | <u>\$ 12,348,439</u> | <u>\$ 18,034,466</u> | <u>\$ 1,037,860</u> | <u>\$ 31,420,765</u> |

The notes to the financial statements are an integral part of these statements

CITY OF CLEWISTON, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> |
|---|--------------------------|---------------------------------|-----------------------------|----------------------|
| Operating revenues | | | | |
| Charges for services | \$ 13,693,710 | \$ 3,695,936 | \$ 1,705,919 | \$ 19,095,565 |
| Impact fees | - | 31,371 | - | 31,371 |
| Miscellaneous | 82,039 | - | - | 82,039 |
| Total operating revenues | <u>13,775,749</u> | <u>3,727,307</u> | <u>1,705,919</u> | <u>19,208,975</u> |
| Operating expenses | | | | |
| Purchased electricity | 10,671,616 | - | - | 10,671,616 |
| Personnel services and benefits | 1,103,285 | 823,753 | 292,485 | 2,219,523 |
| Operating expenses | 757,005 | 2,031,694 | 1,087,266 | 3,875,965 |
| Depreciation | 397,500 | 811,284 | 86,505 | 1,295,289 |
| Total operating expenses | <u>12,929,406</u> | <u>3,666,731</u> | <u>1,466,256</u> | <u>18,062,393</u> |
| Operating income (loss) | <u>846,343</u> | <u>60,576</u> | <u>239,663</u> | <u>1,146,582</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment earnings | 26,952 | 63,042 | 246 | 90,240 |
| Gain on disposal of capital assets | 419 | 3,542 | 39,560 | 43,521 |
| Interest expense | (18,434) | (495,569) | - | (514,003) |
| Total nonoperating revenues (expenses) | <u>8,937</u> | <u>(428,985)</u> | <u>39,806</u> | <u>(380,242)</u> |
| Income (loss) before transfers and capital contributions | 855,280 | (368,409) | 279,469 | 766,340 |
| Capital contributions | 4,379 | 3,298,300 | - | 3,302,679 |
| Transfers out | <u>(704,169)</u> | <u>(236,322)</u> | <u>(92,421)</u> | <u>(1,032,912)</u> |
| Changes in net position | 155,490 | 2,693,569 | 187,048 | 3,036,107 |
| Total net position, beginning of year | 12,192,949 | 15,340,897 | 850,812 | 28,384,658 |
| Total net position, end of year | <u>\$ 12,348,439</u> | <u>\$ 18,034,466</u> | <u>\$ 1,037,860</u> | <u>\$ 31,420,765</u> |

The notes to the financial statements are an integral part of these statements

CITY OF CLEWISTON, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> |
|---|--------------------------|---------------------------------|-----------------------------|----------------------|
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 17,239,912 | \$ 3,691,913 | \$ 2,168,866 | \$ 23,100,691 |
| Cash paid to suppliers for goods and services | (11,712,640) | (1,720,464) | (1,294,204) | (14,727,308) |
| Cash paid to employees for services and benefits | (765,050) | (809,040) | (291,142) | (1,865,232) |
| Net cash provided by operating activities | <u>4,762,222</u> | <u>1,162,409</u> | <u>583,520</u> | <u>6,508,151</u> |
| Cash flows from noncapital financing activities | | | | |
| Payment to other funds | (704,169) | (5,003,874) | (92,421) | (5,800,464) |
| Net cash used in noncapital financing activities | <u>(704,169)</u> | <u>(5,003,874)</u> | <u>(92,421)</u> | <u>(5,800,464)</u> |
| Cash flows from capital and related financing activities | | | | |
| Acquisition and construction of capital assets | (488,769) | (1,658,254) | (2,620) | (2,149,643) |
| Cash received from sale of capital assets | 419 | 3,541 | 39,560 | 43,520 |
| Issuance of notes payable | - | (178,342) | - | (178,342) |
| Principal paid on notes payable | (39,422) | (1,739,395) | - | (1,778,817) |
| Principal paid on bonds payable | - | (278,000) | - | (278,000) |
| Capital grants received | 4,379 | 4,364,604 | - | 4,368,983 |
| Interest paid | (12,013) | (496,911) | - | (508,924) |
| Net cash provided by (used in) capital and related financing activities | <u>(535,406)</u> | <u>17,243</u> | <u>36,940</u> | <u>(481,223)</u> |
| Cash flows from investing activities | | | | |
| Cash paid for purchase of investments | - | (17,225) | - | (17,225) |
| Interest received | 26,952 | 63,042 | 246 | 90,240 |
| Net cash provided by investing activities | <u>26,952</u> | <u>45,817</u> | <u>246</u> | <u>73,015</u> |
| Net change in cash and cash equivalents | 3,549,599 | (3,778,405) | 528,285 | 299,479 |
| Cash and cash equivalents, beginning of year | <u>3,859,367</u> | <u>9,082,579</u> | <u>54,562</u> | <u>12,996,508</u> |
| Cash and cash equivalents, end of year | <u>\$ 7,408,966</u> | <u>\$ 5,304,174</u> | <u>\$ 582,847</u> | <u>\$ 13,295,987</u> |
| Cash and cash equivalents classified as | | | | |
| Cash and cash equivalents | \$ 5,893,586 | \$ 3,600,573 | \$ 582,847 | \$ 10,077,006 |
| Restricted cash and cash equivalents | 1,515,380 | 1,703,601 | - | 3,218,981 |
| Total cash and cash equivalents | <u>\$ 7,408,966</u> | <u>\$ 5,304,174</u> | <u>\$ 582,847</u> | <u>\$ 13,295,987</u> |

The notes to the financial statements are an integral part of these statements.

(Continued)

CITY OF CLEWISTON, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> |
|--|--------------------------|---------------------------------|-----------------------------|---------------------|
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income | \$ 846,343 | \$ 60,576 | \$ 239,663 | \$ 1,146,582 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 397,500 | 811,284 | 86,505 | 1,295,289 |
| Change in operating assets and liabilities: | | | | |
| (Increase) decrease in assets: | | | | |
| Accounts receivable | (661,851) | (35,394) | (46,588) | (743,833) |
| Notes receivable | 4,117,514 | - | - | 4,117,514 |
| Due from other funds | (75,441) | - | 509,535 | 434,094 |
| Prepays | - | (64,917) | - | (64,917) |
| Deferred outflows - pension | (450,949) | (184,479) | (102,488) | (737,916) |
| Net pension asset | 327,995 | 134,180 | 74,544 | 536,719 |
| Deferred outflows - OPEB | 2,203 | 2,201 | 923 | 5,327 |
| Inventory | (108,507) | - | - | (108,507) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 196,849 | 376,147 | (3,094) | 569,902 |
| Accrued liabilities | 12,353 | 4,690 | 868 | 17,911 |
| Due to other funds | - | - | (203,844) | (203,844) |
| Compensated absences payable | 10,240 | 4,174 | (3,191) | 11,223 |
| Net pension liability | 542,914 | 222,101 | 123,389 | 888,404 |
| Total OPEB liability | (52,372) | (52,299) | (21,930) | (126,601) |
| Deferred inflows - pension | (398,169) | (162,887) | (90,493) | (651,549) |
| Deferred inflows - OPEB | 47,100 | 47,032 | 19,721 | 113,853 |
| Customer deposits | 8,500 | - | - | 8,500 |
| Net cash provided by operating activities | <u>\$ 4,762,222</u> | <u>\$ 1,162,409</u> | <u>\$ 583,520</u> | <u>\$ 6,508,151</u> |

The notes to the financial statements are an integral part of these statements

CITY OF CLEWISTON, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

| | Pension Trust Funds |
|---------------------------------|--------------------------------|
| Assets | |
| Investments at fair value | \$ 11,757,156 |
| Total assets | 11,757,156 |
| Net position | |
| Restricted for pension benefits | \$ 11,757,156 |

The notes to the financial statements are an integral part of these statements.

CITY OF CLEWISTON, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Pension Trust Funds |
|---------------------------------|--------------------------------|
| Additions | |
| Contributions | |
| Employer | \$ 120,671 |
| Employee | 12,217 |
| Investment income | |
| Interest and dividends | (3,237,302) |
| Total additions | (3,104,414) |
| Deductions | |
| Pension benefits | 632,196 |
| Administrative expenses | 10,777 |
| Total deductions | 642,973 |
| Change in net position | (3,747,387) |
| Net position, beginning of year | 15,504,543 |
| Net position, end of year | \$ 11,757,156 |

The notes to the financial statements are an integral part of these statements.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clewiston, Florida (the “City”) is a municipal corporation, incorporated by the Laws of Florida, 1923, Chapter 9712, which was amended by the Laws of Florida, 1925, Chapter 10434. Both of said acts were repealed by the Laws of Florida 1925, Chapter 10433, Article IX, Paragraph 11. 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 financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting in the United States.

Reporting Entity

As required by GAAP, this report presents the financial statements of the funds of the City (the primary government). In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and included within the City’s financial statements. Management utilized criteria set forth in GASB Statement 61 as amended for determining financial accountability of potential component units in evaluating potential component units. In accordance with GASB Statement 61 as amended, the City is financially accountable if it appoints a voting majority of the potential component unit’s governing board, and it is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The City has three component units, as defined by GASB Statement 61 as amended, which have been presented in the financial statements of the primary government using the blended presentation method and is presented as a governmental fund type with a fiscal year-end of September 30. The Clewiston Community Redevelopment Agency (the “Agency”) 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 to prepare a community redevelopment plan for a designated geographic area within the City. The Agency’s governing body is the same as the governing body of the City. The Agency functions as a department of the City. City management has operational and fiscal responsibility for the Agency’s activities.

The City of Clewiston Retirement Plan is a single-employer defined benefit pension plan administered by Securian Retirement Services, which act as the administrator of the Plan. The Board consists of the members of the City Commission. The Plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

The City of Clewiston Firefighters’ Retirement System (the “System”) is a single-employer defined benefit pension plan administered by the Florida Municipal Pension Trust Fund, which act as the administrator of the plan. The Board consists of five members: two of whom shall be legal residents of Clewiston who shall be appointed by the City Commission, two of whom shall be Firefighter Members of the System elected by a majority of the firefighters who are members of the System, and one who shall be chosen by a majority of the previous four Trustees. The plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84. As the plan was initially effective January 1, 2022, there is no total pension liability calculated as of September 30, 2022.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Hendry County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

| | |
|--------------------------|------------|
| Lien date | January 1 |
| Levy date | November 1 |
| Due date | November 1 |
| Delinquent date | April 1 |
| Sale of tax certificates | by June 1 |

Discounts of 1% are granted for each month taxes are paid on or before February 28, with a maximum discount of 4% if paid by November 30. Revenue recognition criteria for property taxes under GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. Current year ad valorem taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount, therefore, are not recorded as a receivable.

CITY OF CLEWISTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GASB Statement 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The City has used GASB Statement 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds. The following two broad classifications are used to categorize the fund types used by the City:

Governmental Funds

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The City has the following major governmental funds:

The *General Fund* is the City's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

The *Community Redevelopment Fund* is used to account for the tax increment development receipts and expenditures thereof.

Proprietary Funds

Proprietary funds focus on the determination of net income, changes in net position, financial position and cash flows. The following is a description of the City's major proprietary funds:

Electric Fund – Accounts for the operations and activities related to the electric system within the City.

Water and Sewer Fund – Accounts for the operations and activities related to the water and sewer system within the City.

CITY OF CLEWISTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Solid Waste Fund – Accounts for the operations and activities related to the solid waste system within the City.

The City also reports special revenue funds are used to account for specific revenue sources that are restricted to expenditures for particular purposes.

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 fund is 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 (pension participants) 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.

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid debt instruments (including restricted assets), with a maturity of three months or less when purchased, are considered to be cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized. Specifically, allowable investments include:

- The State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the United States.

The City adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with qualified public depositories. The City maintains a cash and investment pool available for use by all funds. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. In addition, restricted cash accounts and money market deposit accounts are separately maintained by several City funds in accordance with bond ordinances and other contractual agreements. Investments are stated at fair value, based on quoted market prices.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments (Continued)

The City's cash and investment pool and certain individual funds participate in the Florida State Board of Administration (SBA) Florida PRIME. The SBA is governed by Chapter 19-1 of the Florida Administrative Code (FAC). The FAC provides guidance and establishes the general operating procedures for the administration of the Local Government Surplus Trust Funds. Additionally, the Florida Auditor General performs an operational audit of activities and investments of the SBA. GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, applies to Florida PRIME. GASB Statement 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 Statement 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 operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. City investments with the SBA may be made or liquidated by wire on a same day basis, subject to limitations described in Note 3. These funds are considered a SEC "2a-7 like" fund and are recorded at fair value.

Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and are not eliminated in the process of consolidation.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur 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 or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectibles. The City's allowance estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory and Prepaid Items

Inventory in governmental funds is valued at the lower of cost or net realizable value using the first in/first out (FIFO) method. A portion of the General Fund balance equal to the inventory amount has been reserved in the fund financial statements to indicate that it is not available for appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, infrastructure, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets costing in excess of \$1,000 with estimated useful lives in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

Capital assets are stated at cost, except for contributed assets, which are recorded at acquisition value on the date received by the City. Property, plant and equipment of the primary government are depreciated/amortized using the straight-line method generally over the following estimated useful lives:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 40 |
| Improvements other than buildings | 10 - 40 |
| Machinery and equipment | 5 - 10 |

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation leave and associated employee-related costs. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

The difference between the reacquisition price (new debt) and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is offset against the new liability.

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

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Pension Trust Fund (the "Plan"), as well as the Florida Retirement Systems (FRS) and Health Insurance Subsidy (HIS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan and FRS. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB Statement 54, are as follows:

Nonspendable – includes amounts that are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaids, and advances to other funds.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed – includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action (Resolution) of the government's highest level of decision making authority, the City Commission. Commitments may be changed or lifted only by the City taking the same formal action (Resolution) that imposed the constraint. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by the City Commission or a body (for example: a budget or finance committee) or official to which the City Commission has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Commission has not authorized a specific party to assign fund balance. The City Commission may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed on fund balances. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund is the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets – represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted – this category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted – indicates that portion of net position that is available for future periods.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 8 and Note 11 for additional information on the City's deferred outflows of resources.

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, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has one item that qualifies for reporting in this category which relates to the City's pension plan. See Note 6 for additional information on the City's deferred inflows of resources related to pensions.

Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statutes.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgets (Continued)

The City sets the legal level of budgetary control at the fund level. 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. 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. The schedule of expenditures by department budget and actual is presented in the financial statements to demonstrate compliance with the previous City policy which required budget approvals at the total department level. The City issues a separate budgetary report to demonstrate compliance with the new policy due to the exceptionally low level at which budgetary control has been set.

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Commission by resolution can make supplemental appropriations for the year. During the current fiscal year, various supplemental appropriations were approved by the City Commission. Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources that are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. All encumbrances were closed at the end of the year. Therefore, no provision for encumbrances has been made at September 30, 2022.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit policies – The City's cash and cash equivalents (including restricted assets) include cash on hand, demand deposits, short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition, pooled investments and money market funds.

Deposits

Custodial credit risk – There is a risk that in the event of failure of a depository financial institution, the government will not be able to recover their deposits. It is the City's policy to maintain its deposits only with qualified public depositories as defined in Chapter 280, Florida Statutes. The provisions of this statute allow qualified public depositories to participate in a multiple financial institution collateral pool to ensure security for public deposits. All qualified public depositories must place with or in the name of the Chief Financial Officer of the State of Florida, collateral in the amount of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125% of the average daily balance of public deposits greater than capital. In the event of default by a qualified public depository, excess losses over insurance and collateral will be recovered through assessments from all qualified public depositories of the same type as the depository in default. Under this method, all City's deposits are considered fully insured. The City has no further custodial credit risk policy.

At September 30, 2022, the carrying amount of the City's checking accounts was \$19,080,303 and the bank balance was \$19,173,632.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

City 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.

At September 30, 2022, the City held \$2,040,457 in Florida PRIME. Florida PRIME is an external investment pool governed by 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. Florida PRIME is rated AAAM by Standard and Poor's Rating Services. The dollar weighted average days to maturity (WAM) of Florida Prime at September 30, 2022 is 21 days. The weighted average life (WAL) of Florida PRIME at September 30, 2022 is 72 days.

Interest rate risk – The City does not have a formal policy relating to interest rate risk.

Credit risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. All the City's investments are excluded from the definition of custodial credit risk. The City has no investment policy regarding credit risk.

Concentrations of credit risk – The City places no limits on the amount it may invest on any one issuer. As of September 30, 2022, the City did not hold any investments that were considered to be a concentration of credit risk.

Investments are stated at amortized cost in accordance with GASB 79. Per GASB 79, 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.

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.

As of September 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund Investments

As of September 30, 2022, the City’s pension trust fund had the following investments:

| <u>Pension Trust Fund Investments</u> | <u>Fair Value</u> |
|---|----------------------|
| Fixed income | \$ 8,504,129 |
| Domestic equity | 2,081,797 |
| International equity | 1,171,230 |
| | <u>\$ 11,757,156</u> |

Fair Value Measurements

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2022:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u> |
|---------------------------------------|----------------|----------------------|----------------|----------------------|
| Pension Trust Fund Investments | | | | |
| Fixed income | \$ - | \$ 8,504,129 | \$ - | \$ 8,504,129 |
| Domestic equity | - | 2,081,797 | - | 2,081,797 |
| International equity | - | 1,171,230 | - | 1,171,230 |
| | <u>\$ -</u> | <u>\$ 11,757,156</u> | <u>\$ -</u> | <u>\$ 11,757,156</u> |

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. Securities classified in Level 3 are valued using discounted cash flow techniques.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2022 were as follows:

| | <u>General Fund</u> | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | <u>Total</u> |
|---|-------------------------|--------------------------|---------------------------------|-----------------------------|---------------------|
| Accounts receivable | \$ 578,093 | \$ 2,313,466 | \$ 861,543 | \$ 364,310 | \$ 4,117,412 |
| Due from other governments | 1,690,699 | - | 187,257 | - | 1,877,956 |
| Assessments receivable | 22,867 | - | 452,312 | - | 475,179 |
| Less allowance for doubtful accounts | (11,359) | (90,099) | (52,253) | (15,591) | (169,302) |
| | <u>\$ 2,280,300</u> | <u>\$ 2,223,367</u> | <u>\$ 1,448,859</u> | <u>\$ 348,719</u> | <u>\$ 6,301,245</u> |

Due from Other Governments

Amounts due from other governments in the General Fund relate to the grant and other intergovernmental revenue.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022 is as follows:

Due From/To Other Funds

Due from/to other funds generally represent recurring activities between funds, as well as temporary cash deficits. Balances as of September 30, 2022 were as follows:

| <u>Due To</u> | <u>Due From</u> | | | <u>Total</u> |
|------------------|---------------------|----------------------|-----------------------------|--------------------|
| | <u>General Fund</u> | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | |
| General Fund | \$ - | \$ - | \$ 128,284 | \$ 128,284 |
| Grants Fund | - | 8 | - | 8 |
| Electric Fund | 1,198,436 | - | 52,577 | 1,251,013 |
| Solid Waste Fund | - | 1,360 | - | 1,360 |
| Total | <u>\$1,198,436</u> | <u>\$ 1,368</u> | <u>\$ 180,861</u> | <u>\$1,380,665</u> |

Additionally, the City reports an advance payable due from the General Fund to the Water and Sewer fund in the amount of \$2,248.

Interfund Transfers

Interfund transfers represent transfers of funds for operating purposes from the fund that collected them to the fund that is authorized to expend them.

| <u>Transfers In</u> | <u>Transfers Out</u> | | | <u>Total</u> |
|---------------------|----------------------|-----------------------------|-------------------------|--------------------|
| | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Solid Waste Fund</u> | |
| General Fund | <u>\$ 704,169</u> | <u>\$ 236,322</u> | <u>\$ 92,421</u> | <u>\$1,032,912</u> |

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2022 were as follows:

| | Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|--------------------------------------|------------------------------|---------------------|-------------------|------------------|---------------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 1,836,719 | \$ - | \$ - | \$ - | \$ 1,836,719 |
| Construction in progress | 775,342 | 1,613,427 | (2,857) | - | 2,385,912 |
| Total assets not being depreciated | <u>2,612,061</u> | <u>1,613,427</u> | <u>(2,857)</u> | <u>-</u> | <u>4,222,631</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 5,423,534 | 150,485 | - | - | 5,574,019 |
| Improvements other than buildings | 10,322,577 | - | - | - | 10,322,577 |
| Machinery and equipment | 9,014,877 | 753,680 | (195,935) | - | 9,572,622 |
| Total assets being depreciated | <u>24,760,988</u> | <u>904,165</u> | <u>(195,935)</u> | <u>-</u> | <u>25,469,218</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (3,307,662) | (128,135) | - | - | (3,435,797) |
| Improvements other than buildings | (7,996,657) | (200,479) | - | - | (8,197,136) |
| Machinery and equipment | (7,731,701) | (276,247) | 195,935 | - | (7,812,013) |
| Total accumulated depreciation | <u>(19,036,020)</u> | <u>(604,861)</u> | <u>195,935</u> | <u>-</u> | <u>(19,444,946)</u> |
| Total assets depreciated, net | 5,724,968 | 299,304 | - | - | 6,024,272 |
| Governmental activities, net | <u>\$ 8,337,029</u> | <u>\$ 1,912,731</u> | <u>\$ (2,857)</u> | <u>\$ -</u> | <u>\$ 10,246,903</u> |
| Business-type activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 670,142 | \$ - | \$ - | \$ - | \$ 670,142 |
| Construction in progress | 1,416,149 | 1,606,767 | - | - | 3,022,916 |
| Total assets not being depreciated | <u>2,086,291</u> | <u>1,606,767</u> | <u>-</u> | <u>-</u> | <u>3,693,058</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 440,756 | - | - | - | 440,756 |
| Improvements other than buildings | 44,779,021 | 212,016 | - | - | 44,991,037 |
| Machinery and equipment | 12,222,902 | 330,860 | (135,780) | - | 12,417,982 |
| Total assets being depreciated | <u>57,442,679</u> | <u>542,876</u> | <u>(135,780)</u> | <u>-</u> | <u>57,849,775</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (358,261) | (10,729) | - | - | (368,990) |
| Improvements other than buildings | (20,110,450) | (910,616) | - | - | (21,021,066) |
| Machinery and equipment | (8,764,642) | (373,944) | 135,780 | - | (9,002,806) |
| Total accumulated depreciation | <u>(29,233,353)</u> | <u>(1,295,289)</u> | <u>135,780</u> | <u>-</u> | <u>(30,392,862)</u> |
| Total assets depreciated, net | 28,209,326 | (752,413) | - | - | 27,456,913 |
| Business-type activities, net | <u>\$ 30,295,617</u> | <u>\$ 854,354</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,149,971</u> |

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to function/programs of the City as follows:

| | | |
|--------------------------|----|------------------|
| Governmental activities | | |
| General government | \$ | 31,177 |
| Public safety | | 174,990 |
| Transportation | | 174,881 |
| Physical environment | | 24 |
| Economic environment | | 22,495 |
| Culture and recreation | | 189,539 |
| Human services | | 11,755 |
| | \$ | <u>604,861</u> |
| Business-type activities | | |
| Electric | \$ | 397,500 |
| Water and sewer | | 811,284 |
| Solid waste | | 86,505 |
| | \$ | <u>1,295,289</u> |

NOTE 7 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2022 is summarized as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------------------|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities | | | | | |
| Notes payable from direct borrowings | | | | | |
| Notes payable - bank | \$ 194,406 | \$ - | \$ (59,717) | \$ 134,689 | \$ 61,248 |
| Net pension liability | 579,189 | 4,111,239 | (1,615,171) | 3,075,257 | - |
| Total OPEB liability | 885,086 | 76,994 | (325,831) | 636,249 | - |
| Compensated absences | 160,355 | 38,443 | (21,479) | 177,319 | 22,122 |
| Total governmental activities | <u>\$ 1,819,036</u> | <u>\$ 4,226,676</u> | <u>\$ (2,022,198)</u> | <u>\$ 4,023,514</u> | <u>\$ 83,370</u> |
| Business-type activities | | | | | |
| Bonds payable | \$ 11,794,000 | \$ - | \$ (278,000) | \$ 11,516,000 | \$ 290,000 |
| Notes payable from direct borrowings | 4,764,209 | - | (1,778,817) | 2,985,392 | 188,738 |
| Net pension liability | - | 1,630,326 | (741,923) | 888,403 | - |
| Total OPEB liability | 450,309 | 39,169 | (165,770) | 323,708 | - |
| Compensated absences | 79,625 | 19,693 | (8,470) | 90,848 | 8,724 |
| Total business-type activities | <u>\$ 17,088,143</u> | <u>\$ 1,689,188</u> | <u>\$ (2,972,980)</u> | <u>\$ 15,804,351</u> | <u>\$ 487,462</u> |

For the governmental activities, the net pension liability, total OPEB liability, and compensated absences are generally liquidated by the General Fund. The beginning balances above have been adjusted to remove the net pension related balances which have become net pension assets during the year.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 – LONG-TERM DEBT (CONTINUED)

GOVERNMENTAL ACTIVITIES

Notes Payable from Direct Borrowings

\$300,000 note payable to a bank, dated October 31, 2019, payable in monthly payments of \$5,329, including interest at 2.50%, with the first payment due on December 1, 2019. The final maturity date of the loan is November 1, 2024. Proceeds were used to purchase golf carts.

\$ 134,689

BUSINESS-TYPE ACTIVITIES

Revenue Bonds

Water and Sewer Revenue Bonds - Series 2007A. 4.125% revenue bonds payable, issued on June 7, 2007, to finance improvements to the water system; payment of principal, interest, and reserve account contributions are secured by net revenues of the water and sewer system; bonds mature serially on September 1, each year until the year 2046.

\$ 6,398,000

Water and Sewer Revenue Bonds - Series 2007B. 4.125% revenue bonds payable, issued on June 7, 2007, to finance improvements to the water system; payment of principal, interest, and reserve account contributions are secured by net revenues of the water and sewer system; bonds mature serially on September 1, each year until the year 2046.

5,118,000

Notes Payable from Direct Borrowings

Notes payable to Florida Department of Environmental Protection, State Revolving Fund with the beginning of the repayment period on October 15, 2010. The two notes are payable in 40 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 the water and sewer systems. Proceeds from the loans were used to construct improvements to the sewer system.

493,977

Note payable to the Florida Department of Environmental Protection - State Revolving Fund with the beginning of the repayment period to be first principal payment due on January 15, 2019. The payments are principal only and are made semiannually in the amount of \$10,676. There are 60 payments. The final maturity date of the loan is July 15, 2048. Proceeds from the loan were used to update the Master Lift Station of the City Sewer system.

555,140

Note payable to the Florida Department of Environmental Protection - State Revolving Fund with the beginning of the repayment period to be first principal payment due on October 15, 2020. The payments are principal only and are made semiannually in the amount of \$16,126. Proceeds from the loan were used for an inflow and infiltration study.

199,443

Note payable to the Florida Department of Environmental Protection - State Revolving Fund with the beginning of the repayment period to be first principal payment due on March 15, 2022. The payments are principal only and are made semiannually in the amount of \$12,265. Proceeds from the loan were used for an inflow and infiltration study.

426,254

Note payable to the Florida Municipal Power Agency with the beginning of the repayment period to be first principal payment due on April 1, 2022. The payments are principal only and are made semiannually in the amount of \$51,435.

1,310,578

Total business-type activities

\$14,501,392

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of September 30, 2022 are outlined in the table below.

GOVERNMENTAL ACTIVITIES

| Fiscal Year | Notes Payable from Direct Borrowings | | |
|------------------------|---|-----------------|-------------------|
| | Principal | Interest | Total |
| 2023 | \$ 61,248 | \$ 2,704 | \$ 63,952 |
| 2024 | 62,813 | 1,136 | 63,949 |
| 2025 | 10,628 | 33 | 10,661 |
| | <u>\$ 134,689</u> | <u>\$ 3,873</u> | <u>\$ 138,562</u> |

| Fiscal Year | Revenue Bonds | | | Notes Payable from Direct Borrowings | | |
|------------------------|----------------------|---------------------|----------------------|---|-------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$ 290,000 | \$ 475,035 | \$ 765,035 | \$ 188,738 | \$ 32,349 | \$ 221,087 |
| 2024 | 301,000 | 463,073 | 764,073 | 191,079 | 30,009 | 221,088 |
| 2025 | 314,000 | 450,656 | 764,656 | 193,457 | 27,631 | 221,088 |
| 2026 | 327,000 | 437,704 | 764,704 | 195,874 | 25,213 | 221,087 |
| 2027 | 340,000 | 424,215 | 764,215 | 198,331 | 22,757 | 221,088 |
| 2028-2032 | 1,924,000 | 1,898,531 | 3,822,531 | 1,379,622 | 71,820 | 1,451,442 |
| 2033-2037 | 2,356,000 | 1,467,593 | 3,823,593 | 276,926 | 4,760 | 281,686 |
| 2038-2042 | 2,885,000 | 939,881 | 3,824,881 | 233,256 | 893 | 234,149 |
| 2043-2047 | 2,779,000 | 293,205 | 3,072,205 | 106,758 | - | 106,758 |
| 2048 | - | - | - | 21,351 | - | 21,351 |
| | <u>\$ 11,516,000</u> | <u>\$ 6,849,893</u> | <u>\$ 18,365,893</u> | <u>\$ 2,985,392</u> | <u>\$ 215,432</u> | <u>\$ 3,200,824</u> |

NOTE 8 – PENSION PLANS

A – Cost Sharing Multiple Employer Defined Benefit Plans

The City participates in two defined benefit pension plans (Plans) that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. That report is available from the Florida Department of Management Services' website at www.dms.myflorida.com.

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.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – PENSION PLANS (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

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 Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2021 through June 30, 2022, and July 1, 2022 through September 30, 2022, were as follows: Regular Class 10.82% and 11.91%, Senior Management 29.01% and 31.57%, Special Risk Employee Class 25.89% and 27.83%, Elected Officials 51.42% and 57.00%, and DROP Participants 18.34% and 18.60%.

The City's contributions for the year ended September 30, 2022 were \$156,705 to FRS and \$12,140 to HIS.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – PENSION PLANS (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2022. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

| | <u>FRS</u> | <u>HIS</u> |
|---------------------------|--------------|------------|
| Net pension liability | \$ 1,288,917 | \$ 206,954 |
| Proportion at: | | |
| Current measurement date | 0.0034641% | 0.0019540% |
| Prior measurement date | 0.0039837% | 0.0039837% |
| Pension expense (benefit) | \$ 87,187 | \$ (2,898) |

As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | <u>FRS</u> | | <u>HIS</u> | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 61,216 | \$ - | \$ 6,282 | \$ 911 |
| Change of assumptions | 158,736 | - | 11,863 | 32,016 |
| Net difference between projected and actual earnings on Pension Plan investments | 85,107 | - | 300 | - |
| Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions | 28,367 | 287,984 | 9,727 | 48,999 |
| City Pension Plan contributions subsequent to the measurement date | 46,955 | - | 3,317 | - |
| Total | <u>\$ 380,381</u> | <u>\$ 287,984</u> | <u>\$ 31,489</u> | <u>\$ 81,926</u> |

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | <u>FRS</u> | <u>HIS</u> |
|-------------------------------------|------------------|--------------------|
| 2023 | \$ 10,989 | \$ (12,873) |
| 2024 | 4,147 | (6,942) |
| 2025 | (3,711) | (3,174) |
| 2026 | 32,290 | (7,026) |
| 2027 | 1,727 | (16,307) |
| Thereafter | - | (7,432) |
| | <u>\$ 45,442</u> | <u>\$ (53,754)</u> |

CITY OF CLEWISTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – PENSION PLANS (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2022 was determined by an actuarial valuation dated July 1, 2022, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

| | <u>FRS</u> | <u>HIS</u> |
|---------------------------|------------|------------|
| Inflation | 2.40% | 2.40% |
| Salary increases | 3.25% | 3.25% |
| Investment rate of return | 6.70% | N/A |
| Discount rate | 6.70% | 3.54% |

Mortality assumptions for both plans were based on the PUB-2010 tables with Scale MP-2018.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2022 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2022:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class:

| <u>Asset Class</u> | <u>Target Allocation ⁽¹⁾</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|---|---------------------------------|---|---------------------------|
| Cash | 1.0% | 2.6% | 2.6% | 1.1% |
| Fixed income | 19.8% | 4.4% | 4.4% | 3.2% |
| Global equity | 54.0% | 8.8% | 7.3% | 17.8% |
| Real estate | 10.3% | 7.4% | 6.3% | 15.7% |
| Private equity | 11.1% | 12.0% | 8.9% | 26.3% |
| Strategic investments | 3.8% | 6.2% | 5.9% | 7.8% |
| Total | <u>100.0%</u> | | | |
| Assumed Inflation - Mean | | | 2.4% | 1.3% |

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

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – PENSION PLAN (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS’ 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 calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer’s proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

| | FRS | | | HIS | | |
|--|------------------------|-------------------------------------|------------------------|------------------------|-------------------------------------|------------------------|
| | 1% Decrease (5.70%) | Current Discount Rate (6.70%) | 1% Increase (7.70%) | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
| City's proportionate share of the net pension liability | \$ 2,229,092 | \$ 1,288,917 | \$ 502,817 | \$ 236,773 | \$ 206,954 | \$ 182,280 |

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2022, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2022.

B – Frozen Single Employer Defined Benefit Pension Plan

The City sponsors a single employer defined benefit pension plan. Securian Retirement Services was appointed by the City as plan administrator and is responsible for all administrative, actuarial, and investment management decisions for the City of Clewiston Pension Plan (Plan). 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.

CITY OF CLEWISTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – PENSION PLAN (CONTINUED)

B – Frozen Single Employer Defined Benefit Pension Plan (Continued)

Membership

Membership in the Plan consisted of the following at October 1, 2022 the date of the latest actuarial valuation:

| | |
|---|-----|
| Active plan members | 25 |
| Retirees and beneficiaries currently receiving benefits | 58 |
| Terminated with vested deferred benefits | 73 |
| Total | 156 |

Contributions

The City's actual contribution for the fiscal year ended September 30, 2022 was \$12,847.

Investment Policy

The following was the Board's adopted asset allocation policy as of September 30, 2022:

| Asset Class | Allocation Policy | Long-Term Expected Real Rate of Return | Long-Term Expected Nominal Rate of Return |
|---|-------------------|--|---|
| Domestic equity | 70% | 2.93% | 5.68% |
| International equity | 10% | 4.64% | 7.39% |
| Fixed income | 20% | 1.02% | 3.77% |
| Real estate and alternatives | 0% | 3.54% | 6.29% |
| General account | 0% | 1.05% | 3.80% |
| Total (weighted avg. rounded to 1/4%) | 100% | 6.77% | 6.25% |

Concentrations

There were no investments (other than U.S. Government and U.S. Government-guaranteed obligations) that represent more than 5% of net position restricted for benefits.

There are no investments in, loans to, or leases with, any City official, government employer official, party related to a town official or government employer official, non-employer contributor, or organization included in the reporting entity.

Rate of Return

For the year ended September 30, 2022, the annual money-weighted rate of return on the City's pension plan investments, net of pension plan investment expense, was 6.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The information disclosed on the following pages is presented in accordance with these standards. The City's Plan does not issue separate financial statements.

CITY OF CLEWISTON, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 – PENSION PLAN (CONTINUED)

B – Frozen Single Employer Defined Benefit Pension Plan (Continued)

The measurement date for the City’s net pension asset is September 30, 2022. The total pension liability used to calculate the net pension asset was determined as of that date. The components of the net pension asset of the City for its September 30, 2022, financial statements, were as follows:

| | |
|---|---------------------|
| Total pension liability | \$ 14,107,426 |
| Plan fiduciary net position | (11,639,637) |
| City's net pension liability | <u>\$ 2,467,789</u> |
| Plan fiduciary net position as a percentage of total pension liability | 82.51% |

For the year ended September 30, 2022, the City recognized pension expense of \$111,899 for the Plan. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual earnings on pension plan investments | \$ 2,049,766 | \$ - |
| Total | <u>\$ 2,049,766</u> | <u>\$ -</u> |

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

| | |
|--------------------------|---------------------|
| Year ended September 30, | |
| 2023 | \$ 437,366 |
| 2024 | 346,024 |
| 2025 | 421,492 |
| 2026 | 844,884 |
| Total | <u>\$ 2,049,766</u> |

The required schedule of changes in the City’s net pension liability (asset) and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial Assumptions

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

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – PENSION PLAN (CONTINUED)

B – Frozen Single Employer Defined Benefit Pension Plan (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2022 are summarized in the following table:

| Asset Class | Allocation Policy | Long-Term Expected Real Rate of Return | Long-Term Expected Nominal Rate of Return |
|---|----------------------|--|---|
| Domestic equity | 70% | 2.93% | 5.68% |
| International equity | 10% | 4.64% | 7.39% |
| Fixed income | 20% | 1.02% | 3.77% |
| Real estate and alternatives | 0% | 3.54% | 6.29% |
| General account | 0% | 1.05% | 3.80% |
| Total (weighted avg. rounded to 1/4%) | 100% | 6.77% | 6.25% |

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 6.50%.

The projection of cash flows used to determine the discount rate assumed that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans’ 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset) of the City

The changes in the components of the net pension liability (asset) of the City for the fiscal year ended September 30, 2022, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a-b) |
|--|--------------------------------|------------------------------------|---|
| Balances at September 30, 2021 | \$ 14,013,656 | \$ 15,504,543 | \$ (1,490,887) |
| Changes for the year: | | | |
| Interest | 890,341 | - | 890,341 |
| Differences between expected and actual experience | (557,161) | - | (557,161) |
| Assumption changes | 392,786 | - | 392,786 |
| Benefit payments and refunds | (632,196) | (632,196) | - |
| Contributions - employer | - | 12,847 | (12,847) |
| Net investment income | - | (3,237,030) | 3,237,030 |
| Administrative expenses | - | (8,527) | 8,527 |
| Net change | <u>93,770</u> | <u>(3,864,906)</u> | <u>3,958,676</u> |
| Balances at September 30, 2022 | <u>\$ 14,107,426</u> | <u>\$ 11,639,637</u> | <u>\$ 2,467,789</u> |

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 – PENSION PLAN (CONTINUED)

B – Frozen Single Employer Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liabilities of the City, calculated using the discount rates noted above, as well as what the City's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease 5.50% | Current Discount Rate 6.50% | 1% Increase 7.50% |
|---|----------------------|-----------------------------------|----------------------|
| City's Net Pension Liability - September 30, 2022 | \$ 4,243,584 | \$ 2,467,789 | \$ 1,023,047 |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022 and the current sharing pattern of costs between employer and employee.

Applicable totals for all of the City's defined benefit pension plans are reflected below:

| | Pension Trust Fund | FRS Pension | HIS Pension | Total |
|--------------------------------|-------------------------------|------------------------|------------------------|--------------|
| City's net pension liability | \$ 2,467,789 | \$ 1,288,917 | \$ 206,954 | \$ 3,963,660 |
| Deferred outflows of resources | 2,049,766 | 380,381 | 31,489 | 2,461,636 |
| Deferred inflows of resources | - | 287,984 | 81,926 | 369,910 |
| Pension expense (benefit) | 111,899 | (61,215) | 11,254 | 61,938 |

NOTE 9 – 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 firefighters, 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, 2022 were made by the City which totaled \$173,813.

NOTE 10 – 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 THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description and Funding Policy

The City administers a single employer defined benefit health care and life insurance plan. The plan provides lifetime healthcare and life insurance for eligible retirees and their dependents, as long as they pay the full premium, through the City's group health and life insurance plan, which covers both active and retired members. This conforms with the minimum requirement for governmental employers under Florida state law. The City's contributions to active employees is limited to a fixed dollar contribution as approved by the City Commission, and the City is not required to contribute any additional amounts to provide benefits. Funding is on a "pay as you go" basis. The plan does not issue a publicly available financial report.

Plan Membership

Membership of the plan consisted of the following at September 30, 2020 updated to September 30, 2022:

| | |
|---|-----|
| Active participants | 90 |
| Retirees, beneficiaries, and disabled members | 28 |
| Covered spouses | - |
| Total | 118 |

Total OPEB Liability of the City

The City's total OPEB liability was measured as of September 30, 2022 and was determined by an actuarial valuation as of September 30, 2020 updated to September 30, 2022.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020 updated to September 30, 2022 using the following actuarial assumptions:

| | |
|----------------------------|---|
| Discount rate | 4.77% |
| Healthcare cost trend rate | Initial rate of 7.25% in fiscal year, grading down to the ultimate trend rate of 4.00% in fiscal 2075 |
| Inflation rate | 2.50% |
| Salary increase | 2.50% per year |
| Participation rate | 100% participation assumed, with 50% electing spouse coverage |

Mortality rates were based on the mortality tables used in the July 1, 2022 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

Discount Rate

Under GASB Statement No. 75, when there are currently no invested plan assets held in trust to finance the OPEB obligations, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The rate used in the September 30, 2022 valuation was 4.77%.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2022 were as follows:

| | Total OPEB Liability |
|--|-------------------------|
| Balances at September 30, 2021 | \$ 1,335,395 |
| Changes for the year: | |
| Service cost | 82,383 |
| Interest on the total OPEB liability | 33,780 |
| Differences between expected and actual experience | (20,097) |
| Changes in assumptions and other inputs | (415,873) |
| Benefit payments | (55,631) |
| Net changes | (375,438) |
| Balances at September 30, 2022 | \$ 959,957 |

The required schedule of changes in the City’s total OPEB liability and related ratios in the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current discount rate:

| | 1% Decrease 3.77% | Current Discount Rate 4.77% | 1% Increase 5.77% |
|----------------------|----------------------|-----------------------------------|----------------------|
| Total OPEB liability | \$ 1,085,177 | \$ 959,957 | \$ 856,960 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

| | 1% Decrease 3.00% - 6.25% | Current Healthcare Cost Trend Rate | 1% Increase 5.00% - 8.25% |
|----------------------|------------------------------|--|------------------------------|
| Total OPEB liability | \$ 928,200 | \$ 959,957 | \$ 996,251 |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022 and the current sharing pattern of costs between employer and inactive employees.

CITY OF CLEWISTON, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$88,755. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 85,750 |
| Changes in assumptions and other inputs | 63,176 | 495,431 |
| Total | <u>\$ 63,176</u> | <u>\$ 581,181</u> |

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

| | |
|--------------------------|---------------------|
| Year ended September 30, | |
| 2023 | \$ (82,544) |
| 2024 | (82,544) |
| 2025 | (82,542) |
| 2026 | (69,210) |
| 2027 | (84,997) |
| Thereafter | (116,168) |
| Total | <u>\$ (518,005)</u> |

NOTE 12 – 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 31 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.

CITY OF CLEWISTON, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2022 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.

Litigation

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

NOTE 13 – 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.

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, 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 14 – SUBSEQUENT EVENT

The City has evaluated all subsequent events through June 30, 2023 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CLEWISTON, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 1,893,764 | \$ 1,893,764 | \$ 1,813,810 | \$ (79,954) |
| Utility taxes | 550,936 | 550,936 | 589,947 | 39,011 |
| Business taxes | 36,000 | 36,000 | 41,156 | 5,156 |
| Communication services tax | 192,831 | 192,831 | 187,916 | (4,915) |
| Licenses and permits | 53,500 | 53,500 | 120,385 | 66,885 |
| Intergovernmental revenues | 2,769,053 | 9,388,852 | 3,672,624 | (5,716,228) |
| Charges for services | 1,459,697 | 1,459,697 | 1,361,012 | (98,685) |
| Franchise fees | 73,829 | 73,829 | 55,968 | (17,861) |
| Fines and forfeitures | 21,400 | 21,400 | 33,067 | 11,667 |
| Investment earnings | 20,000 | 20,000 | 29,909 | 9,909 |
| Miscellaneous revenues | 128,164 | 349,101 | 303,715 | (45,386) |
| Total revenues | <u>7,199,174</u> | <u>14,039,910</u> | <u>8,209,509</u> | <u>(5,830,401)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 2,759,048 | 2,651,224 | 1,584,866 | 1,066,358 |
| Public safety | 3,018,635 | 3,118,661 | 2,803,029 | 315,632 |
| Transportation | 673,066 | 719,116 | 560,789 | 158,327 |
| Physical environment | 339,496 | 339,496 | 328,689 | 10,807 |
| Economic environment | - | - | 10,822 | (10,822) |
| Culture and recreation | 1,938,593 | 2,111,553 | 1,977,611 | 133,942 |
| Human services | 206,159 | 206,159 | 196,655 | 9,504 |
| Debt service | | | | |
| Principal retirement | 80,934 | 80,934 | 59,717 | 21,217 |
| Interest | 4,250 | 4,250 | 4,233 | 17 |
| Capital outlay | 1,334,844 | 7,964,368 | 2,343,743 | 5,620,625 |
| Total expenditures | <u>10,355,025</u> | <u>17,195,761</u> | <u>9,870,154</u> | <u>7,325,607</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,155,851)</u> | <u>(3,155,851)</u> | <u>(1,660,645)</u> | <u>1,495,206</u> |
| Other financing sources | | | | |
| Sale of capital assets | - | - | 144,258 | 144,258 |
| Transfers in | 3,155,851 | 3,155,851 | 1,032,912 | (2,122,939) |
| Total other financing sources | <u>3,155,851</u> | <u>3,155,851</u> | <u>1,177,170</u> | <u>(1,978,681)</u> |
| Change in fund balance | - | - | (483,475) | (483,475) |
| Fund balance, beginning of year | <u>4,322,882</u> | <u>4,322,882</u> | <u>4,322,882</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 4,322,882</u> | <u>\$ 4,322,882</u> | <u>\$ 3,839,407</u> | <u>\$ (483,475)</u> |

CITY OF CLEWISTON, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CLEWISTON REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 101,726 | \$ 101,726 | \$ 101,726 | \$ - |
| Intergovernmental revenues | 115,266 | 115,266 | 115,266 | - |
| Investment earnings | 250 | 250 | 1,353 | 1,103 |
| Total revenues | <u>217,242</u> | <u>217,242</u> | <u>218,345</u> | <u>1,103</u> |
| Expenditures | | | | |
| Current | | | | |
| Economic environment | <u>338,601</u> | <u>338,601</u> | - | <u>338,601</u> |
| Total expenditures | <u>338,601</u> | <u>338,601</u> | - | <u>338,601</u> |
| Change in fund balance | (121,359) | (121,359) | 218,345 | 339,704 |
| Fund balance, beginning of year | <u>119,885</u> | <u>119,885</u> | <u>119,885</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (1,474)</u> | <u>\$ (1,474)</u> | <u>\$ 338,230</u> | <u>\$ 339,704</u> |

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

| Reporting period ending Measurement date | <u>9/30/2022</u> <u>6/30/2022</u> | <u>9/30/2021</u> <u>6/30/2021</u> | <u>9/30/2020</u> <u>6/30/2020</u> | <u>9/30/2019</u> <u>6/30/2019</u> | <u>9/30/2018</u> <u>6/30/2018</u> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| City's proportion of the FRS net pension liability | 0.0034641% | 0.0039837% | 0.0022685% | 0.0040771% | 0.0048330% |
| City's proportionate share of the FRS net pension liability | \$ 1,288,917 | \$ 300,921 | \$ 1,865,271 | \$ 1,404,107 | \$ 1,455,720 |
| City's covered payroll | \$ 713,907 | \$ 823,197 | \$ 749,992 | \$ 713,598 | \$ 732,313 |
| City's proportionate share of the pension liability as a percentage of its covered payroll | 180.54% | 36.56% | 248.71% | 196.76% | 198.78% |
| FRS Plan fiduciary net position as a percentage of the FRS total pension liability | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% |
| | | | | | |
| Reporting period ending Measurement date | <u>9/30/2017</u> <u>6/30/2017</u> | <u>9/30/2016</u> <u>6/30/2016</u> | <u>9/30/2015</u> <u>6/30/2015</u> | <u>9/30/2014</u> <u>6/30/2014</u> | |
| City's proportion of the FRS net pension liability | | 0.0060161% | 0.0063403% | 0.0058306% | 0.0058257% |
| City's proportionate share of the FRS net pension liability | | \$ 1,779,521 | \$ 1,600,919 | \$ 753,103 | \$ 355,452 |
| City's covered payroll | | \$ 812,857 | \$ 844,735 | \$ 903,630 | \$ 815,567 |
| City's proportionate share of the pension liability as a percentage of its covered payroll | | 218.92% | 189.52% | 83.34% | 43.58% |
| FRS Plan fiduciary net position as a percentage of the FRS total pension liability | | 83.89% | 84.88% | 92.00% | 96.09% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

| Reporting period ending | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|--|------------------|------------------|------------------|------------------|------------------|
| Measurement date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
| Contractually required FRS contribution | \$ 156,705 | \$ 149,720 | \$ 148,276 | \$ 124,336 | \$ 160,758 |
| FRS contributions in relation to the contractually required FRS contribution | <u>156,705</u> | <u>149,720</u> | <u>148,276</u> | <u>124,336</u> | <u>160,758</u> |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 731,156 | \$ 738,920 | \$ 743,921 | \$ 695,971 | \$ 732,313 |
| FRS Contributions as a percentage of covered payroll | 21.43% | 20.26% | 19.93% | 17.87% | 21.95% |
| | | | | | |
| Reporting period ending | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 | |
| Measurement date | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | |
| Contractually required FRS contribution | \$ 171,481 | \$ 171,537 | \$ 192,022 | \$ 167,764 | |
| FRS contributions in relation to the contractually required FRS contribution | <u>171,481</u> | <u>171,537</u> | <u>192,022</u> | <u>167,764</u> | |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Covered payroll | \$ 812,857 | \$ 844,735 | \$ 903,630 | \$ 815,567 | |
| FRS contributions as a percentage of covered payroll | 21.10% | 20.31% | 21.25% | 20.57% | |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN**

| Reporting period ending Measurement date | <u>9/30/2022</u> <u>6/30/2022</u> | <u>9/30/2021</u> <u>6/30/2021</u> | <u>9/30/2020</u> <u>6/30/2020</u> | <u>9/30/2019</u> <u>6/30/2019</u> | <u>9/30/2018</u> <u>6/30/2018</u> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| City's proportion of the HIS net pension liability | 0.0019540% | 0.0039837% | 0.0022685% | 0.0021367% | 0.0022799% |
| City's proportionate share of the HIS net pension liability | \$ 206,954 | \$ 278,268 | \$ 263,844 | \$ 293,073 | \$ 241,308 |
| City's covered payroll | \$ 713,907 | \$ 823,197 | \$ 749,992 | \$ 713,598 | \$ 732,313 |
| City's proportionate share of the pension liability as a percentage of its covered payroll | 28.99% | 33.80% | 35.18% | 41.07% | 32.95% |
| HIS Plan fiduciary net position as a percentage of the HIS total pension liability | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% |
| | | | | | |
| Reporting period ending Measurement date | <u>9/30/2017</u> <u>6/30/2017</u> | <u>9/30/2016</u> <u>6/30/2016</u> | <u>9/30/2015</u> <u>6/30/2015</u> | <u>9/30/2014</u> <u>6/30/2014</u> | |
| City's proportion of the HIS net pension liability | | 0.0025926% | 0.0027198% | 0.0028721% | 0.0028899% |
| City's proportionate share of the HIS net pension liability | | \$ 277,209 | \$ 316,979 | \$ 292,906 | \$ 270,213 |
| City's covered payroll | | \$ 2,325,831 | \$ 844,735 | \$ 903,630 | \$ 2,286,632 |
| City's proportionate share of the pension liability as a percentage of its covered payroll | | 11.92% | 37.52% | 32.41% | 11.82% |
| HIS Plan fiduciary net position as a percentage of the HIS total pension liability | | 1.64% | 0.97% | 0.50% | 0.99% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

| Reporting period ending | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> | <u>9/30/2019</u> | <u>9/30/2018</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Measurement date | <u>6/30/2022</u> | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> |
| Contractually required HIS contribution | \$ 12,140 | \$ 12,804 | \$ 12,892 | \$ 11,572 | \$ 12,156 |
| HIS contributions in relation to the contractually required HIS contribution | <u>12,140</u> | <u>12,804</u> | <u>12,892</u> | <u>11,572</u> | <u>12,156</u> |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 731,156 | \$ 738,920 | \$ 743,921 | \$ 695,971 | \$ 732,313 |
| HIS contributions as a percentage of covered payroll | 1.66% | 1.73% | 1.73% | 1.66% | 1.66% |

| Reporting period ending | <u>9/30/2017</u> | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> |
|--|------------------|------------------|------------------|------------------|
| Measurement date | <u>6/30/2017</u> | <u>6/30/2016</u> | <u>6/30/2015</u> | <u>6/30/2014</u> |
| Contractually required HIS contribution | \$ 13,493 | \$ 14,023 | \$ 12,283 | \$ 9,902 |
| HIS contributions in relation to the contractually required HIS contribution | <u>13,493</u> | <u>14,023</u> | <u>12,283</u> | <u>9,902</u> |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 812,857 | \$ 844,735 | \$ 903,630 | \$ 815,567 |
| HIS contributions as a percentage of covered payroll | 1.66% | 1.66% | 1.36% | 1.21% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS – PENSION TRUST FUND**

| | <u>9/30/2015</u> | <u>9/30/2016</u> | <u>9/30/2017</u> | <u>9/30/2018</u> | <u>9/30/2019</u> | <u>9/30/2020</u> | <u>9/30/2021</u> | <u>9/30/2022</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Total pension liability | | | | | | | | |
| Interest on total pension liability | \$ 772,612 | \$ 786,296 | \$ 822,797 | \$ 831,801 | \$ 886,595 | \$ 895,190 | \$ 875,054 | \$ 890,341 |
| Differences between expected and actual experience | (81,151) | (295,687) | (183,367) | 514,628 | (165,205) | (151,332) | (21,751) | (557,161) |
| Changes in assumptions | 373,079 | 94,020 | - | - | - | 532,168 | - | 392,786 |
| Benefit payments, including refunds of member contributions | (438,937) | (467,103) | (491,350) | (530,225) | (597,092) | (600,119) | (604,047) | (632,196) |
| Net change in total pension liability | <u>625,603</u> | <u>117,526</u> | <u>148,080</u> | <u>816,204</u> | <u>124,298</u> | <u>675,907</u> | <u>249,256</u> | <u>93,770</u> |
| Total pension liability - beginning | <u>11,256,782</u> | <u>11,882,385</u> | <u>11,999,911</u> | <u>12,147,991</u> | <u>12,964,195</u> | <u>13,088,493</u> | <u>13,764,400</u> | <u>14,013,656</u> |
| Total pension liability - ending (a) | <u>\$ 11,882,385</u> | <u>\$ 11,999,911</u> | <u>\$ 12,147,991</u> | <u>\$ 12,964,195</u> | <u>\$ 13,088,493</u> | <u>\$ 13,764,400</u> | <u>\$ 14,013,656</u> | <u>\$ 14,107,426</u> |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 126,960 | \$ 122,907 | \$ 106,286 | \$ 81,053 | \$ 79,681 | \$ 47,861 | \$ 68,106 | \$ 12,847 |
| Net investment income | (19,352) | 1,105,728 | 1,389,749 | 1,175,403 | 403,680 | 1,227,936 | 2,950,660 | (3,237,030) |
| Benefit payments, including refunds of employee contributions | (438,937) | (467,103) | (491,350) | (530,225) | (597,092) | (600,119) | (604,047) | (632,196) |
| Administrative expenses | (8,373) | (17,020) | (8,812) | (8,994) | (8,647) | (9,136) | (8,677) | (8,527) |
| Net change in plan fiduciary net position | <u>(339,702)</u> | <u>744,512</u> | <u>995,873</u> | <u>717,237</u> | <u>(122,378)</u> | <u>666,542</u> | <u>2,406,042</u> | <u>(3,864,906)</u> |
| Plan fiduciary net position - beginning | <u>10,436,417</u> | <u>10,096,715</u> | <u>10,841,227</u> | <u>11,837,100</u> | <u>12,554,337</u> | <u>12,431,959</u> | <u>13,098,501</u> | <u>15,504,543</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 10,096,715</u> | <u>\$ 10,841,227</u> | <u>\$ 11,837,100</u> | <u>\$ 12,554,337</u> | <u>\$ 12,431,959</u> | <u>\$ 13,098,501</u> | <u>\$ 15,504,543</u> | <u>\$ 11,639,637</u> |
| City's net pension liability (asset) - ending (a) - (b) | <u>\$ 1,785,670</u> | <u>\$ 1,158,684</u> | <u>\$ 310,891</u> | <u>\$ 409,858</u> | <u>\$ 656,534</u> | <u>\$ 665,899</u> | <u>\$ (1,490,887)</u> | <u>\$ 2,467,789</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 84.97% | 90.34% | 97.44% | 96.84% | 94.98% | 95.16% | 110.64% | 82.51% |
| Covered payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's net pension liability (asset) as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
PENSION TRUST FUND**

| | <u>9/30/2015</u> | <u>9/30/2016</u> | <u>9/30/2017</u> | <u>9/30/2018</u> | <u>9/30/2019</u> | <u>9/30/2020</u> | <u>9/30/2021</u> | <u>9/30/2022</u> |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 75,515 | \$ 122,907 | \$ 106,286 | \$ 81,053 | \$ 79,681 | \$ 47,861 | \$ 68,106 | \$ 12,847 |
| Contributions in relation to the actuarially determined contribution | 126,690 | 122,907 | 106,286 | 81,053 | 79,681 | 47,861 | 68,106 | 12,847 |
| Contribution deficiency (excess) | <u>\$ (51,175)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes to the Schedule:

Valuation date: October 1, 2022
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.
 Amortization method: Level percentage of pay, closed.
 Remaining amortization period: 2 years (as of 10/1/2022).
 Mortality: PUB-2010 Weighted General Below Median Employee for females.
 PUB-2010 Headcount Weighted General Below Median Employee for males, set back 1 year.
 Interest rate: 6.50% per year, compounded annually, net of investment-related expenses.
 Retirement age: Actives: Earlier of age 62 with 10 years of service or age 65 with 5 years of participation.
 Inactives: Normal Retirement Date.
 Early retirement: Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability and termination rates: 1987 Commissioner's Group Disability Table.
 Salary increases: None.
 Payroll growth: None.
 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 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.

The schedule will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURNS
PENSION TRUST FUND

| | <u>9/30/2015</u> | <u>9/30/2016</u> | <u>9/30/2017</u> | <u>9/30/2018</u> | <u>9/30/2019</u> | <u>9/30/2020</u> | <u>9/30/2021</u> | <u>9/30/2022</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Pension Trust Fund: Annual money-weighted rate of return, net of investment expenses | -0.19% | 11.16% | 13.17% | 10.20% | 3.29% | 10.13% | 23.04% | -21.37% |

Notes to the Schedules:

The schedules will present 10 years of information once it is accumulated.

CITY OF CLEWISTON, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

| Measurement year ended September 30, | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 82,383 | \$ 85,524 | \$ 80,648 | \$ 68,747 | \$ 75,716 |
| Interest on the total OPRB liability | 33,780 | 29,729 | 53,248 | 53,249 | 47,588 |
| Differences between expected and actual experience | (20,097) | - | (109,064) | - | - |
| Changes of assumptions | (415,873) | (57,421) | (77,548) | 126,356 | (106,702) |
| Benefit payments | (55,631) | (51,992) | (48,519) | (44,925) | (41,406) |
| Net change in total OPEB liability | <u>(375,438)</u> | <u>5,840</u> | <u>(101,235)</u> | <u>203,427</u> | <u>(24,804)</u> |
| Total OPEB liability - beginning | <u>1,335,395</u> | <u>1,329,555</u> | <u>1,430,790</u> | <u>1,227,363</u> | <u>1,252,167</u> |
| Total OPEB liability - ending | <u>\$ 959,957</u> | <u>\$ 1,335,395</u> | <u>\$ 1,329,555</u> | <u>\$ 1,430,790</u> | <u>\$ 1,227,363</u> |
| | | | | | |
| Covered-employee payroll | \$ 3,952,397 | \$ 4,084,172 | \$ 3,984,558 | \$ 3,815,585 | \$ 3,722,522 |
| | | | | | |
| City's total OPEB liability as a percentage of covered-employee payroll | 24.29% | 32.70% | 33.37% | 37.50% | 32.97% |

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

Covered Employee Payroll was projected one year forward from the valuation date to the measurement date for the reporting period ending September 30, 2020.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

| | |
|--|-------|
| Fiscal Year Ending September 30, 2022: | 4.77% |
| Fiscal Year Ending September 30, 2021: | 2.43% |
| Fiscal Year Ending September 30, 2020: | 2.14% |
| Fiscal Year Ending September 30, 2019: | 3.58% |
| Fiscal Year Ending September 30, 2018: | 4.18% |
| Fiscal Year Ending September 30, 2017: | 3.64% |

OTHER SUPPLEMENTARY INFORMATION

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CITY OF CLEWISTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 GRANTS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|-----------------|-----------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental revenues | \$ 231,680 | \$ 231,680 | \$ 124,955 | \$ (106,725) |
| Investment earnings | 300 | 300 | 259 | (41) |
| Total revenues | <u>231,980</u> | <u>231,980</u> | <u>125,214</u> | <u>(106,766)</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture/recreation | 231,980 | 231,980 | 125,214 | 106,766 |
| Total expenditures | <u>231,980</u> | <u>231,980</u> | <u>125,214</u> | <u>106,766</u> |
| Change in fund balance | - | - | - | - |
| Fund balance (deficit), beginning of year | <u>(520)</u> | <u>(520)</u> | <u>(520)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ (520)</u> | <u>\$ (520)</u> | <u>\$ (520)</u> | <u>\$ -</u> |

CITY OF CLEWISTON, FLORIDA

**SCHEDULE OF REVENUES AND EXPENSES
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Water System</u> | <u>Sewer System</u> | <u>Total</u> |
|---|-------------------------|-------------------------|---------------------|
| Operating revenues | | | |
| Charges for services | \$ 2,306,226 | \$ 1,389,710 | \$ 3,695,936 |
| Impact fees | 14,591 | 16,780 | 31,371 |
| Total operating revenues | <u>2,320,817</u> | <u>1,406,490</u> | <u>3,727,307</u> |
| Operating expenses | | | |
| Personal services | 459,335 | 364,418 | 823,753 |
| Contractual services | 157,623 | 239,422 | 397,045 |
| Supplies | 201,940 | 181,611 | 383,551 |
| Utilities | 354,240 | 211,468 | 565,708 |
| Insurance | 26,759 | 17,813 | 44,572 |
| Repairs and maintenance | 216,708 | 416,872 | 633,580 |
| Depreciation | 502,996 | 308,288 | 811,284 |
| Miscellaneous | 2,348 | 4,890 | 7,238 |
| Total operating expenses | <u>1,921,949</u> | <u>1,744,782</u> | <u>3,666,731</u> |
| Operating income (loss) | <u>398,868</u> | <u>(338,292)</u> | <u>60,576</u> |
| Nonoperating revenues (expenses) | | | |
| Investment earnings | 39,086 | 23,956 | 63,042 |
| Gain on disposal of capital assets | 2,196 | 1,346 | 3,542 |
| Interest expense | <u>(488,442)</u> | <u>(7,128)</u> | <u>(495,569)</u> |
| Total nonoperating revenues (expenses) | <u>(447,160)</u> | <u>18,174</u> | <u>(428,985)</u> |
| Income (loss) before transfers and capital contributions | (48,292) | (320,118) | (368,409) |
| Capital contributions | 2,044,946 | 1,253,354 | 3,298,300 |
| Transfers out | <u>(146,520)</u> | <u>(89,802)</u> | <u>(236,322)</u> |
| Changes in net position | <u>\$ 1,850,134</u> | <u>\$ 843,434</u> | <u>\$ 2,693,569</u> |

CITY OF CLEWISTON, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

| | Pension Trust Fund | Firefighters Pension Trust Fund | Total |
|---------------------------------|-----------------------|---------------------------------------|---------------|
| Assets | | | |
| Investments at fair value | \$ 11,639,637 | \$ 117,519 | \$ 11,757,156 |
| Total assets | 11,639,637 | 117,519 | 11,757,156 |
| Net position | | | |
| Restricted for pension benefits | \$ 11,639,637 | \$ 117,519 | \$ 11,757,156 |

The notes to the financial statements are an integral part of these statements.

CITY OF CLEWISTON, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

| | <u>Pension Trust Fund</u> | <u>Firefighters Pension Trust Fund</u> | <u>Total</u> |
|---------------------------------|-------------------------------|--|----------------------|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 12,847 | \$ 107,824 | \$ 120,671 |
| Employee | - | 12,217 | 12,217 |
| Investment income | | | |
| Interest and dividends | (3,237,030) | (272) | (3,237,302) |
| Total additions | <u>(3,224,183)</u> | <u>119,769</u> | <u>(3,104,414)</u> |
| Deductions | | | |
| Pension benefits | 632,196 | - | 632,196 |
| Administrative expenses | 8,527 | 2,250 | 10,777 |
| Total deductions | <u>640,723</u> | <u>2,250</u> | <u>642,973</u> |
| Change in net position | (3,864,906) | 117,519 | (3,747,387) |
| Net position, beginning of year | 15,504,543 | - | 15,504,543 |
| Net position, end of year | <u>\$ 11,639,637</u> | <u>\$ 117,519</u> | <u>\$ 11,757,156</u> |

The notes to the financial statements are an integral part of these statements.

CITY OF CLEWISTON, FLORIDA

SCHEDULE TO DETERMINE COMPLIANCE WITH
INTERLOCAL FIRE PROTECTION AGREEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Departmental expenditures of revenues, expenditures, and changes
in fund balances of governmental funds

Expenditures - current

Public safety

Fire

\$ 646,544

Less first responder costs to
be paid by Hendry County

-

Total fire department expenditures, as adjusted

646,544

Hendry County's reimbursement percentage of fire
department expenditures per agreement

65%

Portion of fire department expenditures to be paid
by Hendry County

417,571

Year 4 of 5 allocation of fiscal year 2018 capital expenditures

9,887

Total fire and first responder expenditures to be
reimbursed by Hendry County

427,458

Total previously received from Hendry County for
fire services

241,249

Amount due from Hendry County for the
fiscal year ended September 30, 2022

\$ 186,209

CITY OF CLEWISTON, FLORIDA

SCHEDULE TO DETERMINE COMPLIANCE WITH
INTERLOCAL ANIMAL CONTROL AGREEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Departmental expenditures of revenues, expenditures, and changes
in fund balances of governmental funds

Expenditures - current

Human services

Animal control

\$ 230,653

Hendry County's reimbursement percentage of
animal control expenditures per agreement

67%

Portion of animal control expenditures to be paid
by Hendry County

154,538

Total previously received from Hendry County for
animal control services

126,723

Amount due from Hendry County for the
fiscal year ended September 30, 2022

\$ 27,815

OTHER REPORTS

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

Honorable Mayor and Members of
the City Commission,
City of 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 (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 30, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and Members of
the City Commission,
City of Clewiston, Florida

Report on Compliance For Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Clewiston, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Bradenton, Florida
June 30, 2023

Mauldin & Jenkins, LLC

CITY OF CLEWISTON, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

| | Assistance Listing/ CSFA Number | Grant ID Number | Actual Expenditures |
|--|---------------------------------------|--------------------------|----------------------------|
| Federal Awards | | | |
| Department of Treasury | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Y5056 | \$ 925,131 |
| Total Department of Treasury | | | <u>925,131</u> |
| Department of Justice | | | |
| Edward Byrne Memorial Justice Assistance | 16.738 | 15-PBJA-21-GG-01314-JAGX | \$ 5,618 |
| Edward Byrne Memorial Justice Assistance | 16.738 | 15-PBJA-21-GG-00241-MUMU | 13,311 |
| Edward Byrne Memorial Justice Assistance | 16.738 | 15-PBJA-21-GG-02907-JAGX | 5,485 |
| Bullet Proof Vest Partnership | 16.607 | 2020BUBX20020626 | 1,500 |
| Total Department of Justice | | | <u>25,914</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 951,045</u></u> |
| State Financial Assistance | | | |
| Florida Department of Environmental Protection | | | |
| Passed through South Florida Water Management District | | | |
| Statewide Water Quality Restoration Projects | 37.039 | LPA0006 | \$ 181,739 |
| Statewide Water Quality Restoration Projects | 37.039 | LPQ0027 | 436,093 |
| Small Community Wastewater Facility Grant | 37.075 | WW260421 | 1,631,588 |
| Total Florida Department of Environmental Protection | | | <u>2,249,420</u> |
| Florida Department of State | | | |
| State Aid to Libraries Grant | 45.030 | 21-ST-18 | 113,648 |
| State Aid to Libraries Grant | 45.030 | 22-ST-18 | 11,307 |
| Total Florida Department of State | | | <u>124,955</u> |
| Florida Department of Transportation | | | |
| Small County Outreach Program | 55.009 | G1U44 | 451,025 |
| Local Transportation Projects | 55.039 | G1L00 | 269,549 |
| Total Florida Department of Transportation | | | <u>720,574</u> |
| Total Expenditures of State Financial Assistance | | | <u><u>\$ 3,094,949</u></u> |

Notes to the Schedule

The above Schedule is presented using the modified accrual basis of accounting and is presented in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. As such, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

CITY OF CLEWISTON, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – REPORTING ENTITY

For reporting entity purposes, the schedule of expenditures 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The schedule of expenditures of federal awards and state financial assistance is prepared using the accrual basis of accounting. The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of \$750,000 or 3% of total federal expenditures. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

State major programs are defined as those programs that the larger of \$750,000 or 3% of total state financial assistance. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal and state programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended September 30, 2022.

De-Minimis Indirect Cost Rate

During 2022, the City did not use the de-minimis indirect cost rate.

NOTE 3 – STATE REVOLVING FUND LOANS

The City had the following State Revolving Fund loan balances outstanding at September 30, 2022. Current year additions to the loan balances to be included in the schedule of expenditures of federal awards and state financial assistance for the fiscal year ended September 30, 2022 were \$-.

| <u>Program Title</u> | <u>Federal Assistance Listing/ State CSFA Number</u> | <u>Grant Number</u> | <u>Total Outstanding As of September 30, 2022</u> |
|----------------------|--|---------------------|---|
| State Revolving Fund | 66.458 | WW260400 | \$ 329,424 |
| State Revolving Fund | 66.458 | WW260401 | 164,552 |
| State Revolving Fund | 37.077 | WW260410 | 555,142 |
| State Revolving Fund | 37.077 | WW260420 | 199,443 |
| State Revolving Fund | 37.077 | WW260421 | 426,253 |
| | | | <u>\$ 1,674,814</u> |

NOTE 4 – SUBRECIPIENTS

The City provided state financial assistance to subrecipients as follows:

| <u>Program Title</u> | <u>State CSFA Number</u> | <u>Grant Number</u> | <u>Amount Transferred to Subrecipient</u> |
|-------------------------------|--------------------------|---------------------|---|
| State Aid to Librarites Grant | 45.030 | 22-ST-18 | |
| Harlem Public Library | | 21-ST-18 | \$ 27,896 |
| Barron Public Library | | | 25,515 |
| | | | <u>\$ 53,411</u> |

CITY OF CLEWISTON, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Programs and State Financial Assistance Projects

Internal Control over major federal or state programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major federal programs and state financial assistance projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.550, Florida Statutes? yes no

Identification of major federal program:

| AL Number | Name of Federal Program or Cluster |
|-----------|---|
| 21.027 | U.S. Department of the Treasury – Coronavirus State and Local Fiscal Recovery Funds |

Identification of major state financial assistance projects:

| CSFA Number | Name of State Project or Cluster |
|-------------|---|
| 37.075 | Small Community Wastewater Facility Grant |

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

Dollar threshold used to distinguish between Type A and Type B state awards: \$750,000

Auditee qualified as a low-risk auditee? yes no

CITY OF CLEWISTON, FLORIDA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III
FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF CLEWISTON, FLORIDA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

2021-001. Interfund Activity (Management Letter Comment)

Criteria: Internal controls should be in place to support effective and efficient processing of transactions to support a financial reporting framework that provides decision makers with the ability to make timely decisions. As part of the audit process, we noted that the City maintained significant interfund balances as of September 30, 2021.

Condition: During our testing of interfund activity, we noted that the City's General Fund reported net interfund liability amounts of approximately \$1.2 million at September 30, 2021. These net amounts were owed to the City's Electric Fund, which reported interfund asset amounts of approximately \$5.4 million. Additionally, the Water and Sewer Fund reports interfund liabilities of approximately \$4.2 million.

Auditee Response/Status: Resolved.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the City Commission,
City of Clewiston, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Clewiston, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 30, 2023.

Auditor's 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and On Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2023, 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 financial audit report. Finding 2021-001 was resolved in fiscal year 2022.

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. This information is disclosed within the City's footnotes.

Financial Condition

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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

Section 10.554(1)(i)5.c, 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 financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Bradenton, Florida
June 30, 2023

Mauldin & Jenkins, LLC



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the City Commission,
City of Clewiston, Florida

We have examined the City of Clewiston, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
June 30, 2023

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

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