

CITY OF CLEWISTON, FLORIDA

Annual Financial Report

September 30, 2010

CITY OF CLEWISTON, FLORIDA
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September 30, 2010

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Clewiston, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clewiston, Florida as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clewiston, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clewiston, Florida as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2011, on our consideration of the City of Clewiston, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clewiston, Florida's basic financial statements. The Management's Discussion and Analysis and the Schedule of Funding Progress for Defined Benefit Plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements of the City of Clewiston, Florida. The Schedule of Funding Progress for Defined Benefit Plan and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

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

June 17, 2011

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

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 12).

HIGHLIGHTS

Financial Highlights for the Fiscal Year Ended September 30, 2010 and Subsequent Financial Information are shown below.

1. The City's overall net assets increased by \$986,489.
2. The total cost of all the City's programs was \$25,727,226.
3. The City's governmental activities decreased net assets by \$240,909 as a result of program and general revenues under expenses of \$1,537,778 plus internal transfers-in of \$1,296,869.
4. During the year, the City had expenses of \$9,304,538 for governmental activities.
5. The City's business-type activities increased net assets by \$1,227,398 as a result of program and general revenues in excess of expenses of \$2,524,267 minus internal transfers-out of \$1,296,869.
6. During the fiscal year ended September 30, 2010, the Police Department received Justice Assistance Grants in the amount of \$242,393. These grants enabled the Police Department to purchase covert surveillance, crime scene response, and in-car video and audio equipment and to institute a K-9 program.
7. In July 2009, the Police Department was awarded a grant through the "American Recovery and Reinvestment Act of 2009" in the total amount of \$204,681 that will provide funding for the salary and benefits of an entry level police officer position over a period of three years. The grant will be administered through the "Department of Justice - Office of Community Oriented Policing Services" (COPS). This grant began in October 1, 2009 and has the stipulation that the Police Department will be required to retain the grant funded position for a fourth year.
8. The State Aid to Libraries Grant was reduced to \$138,584 for fiscal year 2010. The Library, as part of the Hendry County Library Cooperative, was awarded federal grants during the fiscal year ended September 30, 2010, which included "The Big Read Grant" totaling \$7,500 and "The Prime Time Family Reading Time Program" in the amount of \$2,000.

9. In 2009 the Clewiston Redevelopment Agency (CRA) established a \$50,000 “Façade” Grant Program for business owners within the CRA boundaries. As of September 30, 2010, \$34,740 in grant monies had been expended. In August, 2009, the CRA designated the “Ventura Rehab Project” as a CRA Project. This project was funded by a combination a \$250,000 grant from South Florida Water Management District and CRA Tax Increment Financing funds. The “Ventura Rehab Project” was completed during March, 2010, at a total cost of \$381,000. A professional consultant was engaged to do a “Findings of Necessity” study for the expansion of the CRA boundaries into the northeast part of town. The expanded boundaries enclosing and additional 200.8 acres were adopted in February, 2011 after public hearings.
10. In January 2010, the City received official notification from the Office of Tourism, Trade and Economic Development that due to the City Mattress, Inc. planned business venture in the Park of Commerce not coming to fruition, the EDTF grant award had been rescinded. In October 2009, City Mattress, Inc. deeded the land in the Park of Commerce back to the City.
11. During February 2010, the City increased customer sewer rates.
12. During 2010, the City made improvements to the sewer collection system through the North Side and South Side Sewer Expansion Projects. The \$2.8 million North Side Sewer Expansion Project was funded by loans from the Florida Department of Environmental Protection, of which \$1.7 million was “forgiven”. On October 1, 2010, the property owners within the North Side Sewer Expansion Project were assessed their portion of the project cost. The assessments, in the amount of \$1.1 million, were based on the balance of the loans “unforgiven” and will be invoiced to the property owners annually, over a ten-year period with their real estate tax bills received during November of each year, beginning in 2010. The \$522,000 South Side Sewer Expansion Project was initially funded by a \$400,000, 4.75% interest loan from First Bank of Clewiston and a \$122,000 contribution from the Clewiston Redevelopment Agency (CRA). The repayment of the bank loan will be made by sewer assessments in the amount of \$250,000 to South Side Sewer Expansion Project property owners and additional annual contributions of \$20,000 from the CRA for the next ten years.
13. Since the City has moved forward with the sewer expansion projects, it will be necessary to expand the Waste Water Treatment Plant. In order to apply for possible grant funding, this plant expansion project needed to be “shovel ready” by June, 2011. Therefore, in December 2009, the City Commission approved the expenditure for engineering services to begin preparation and plans for this project. The cost of engineering services, not to exceed \$981,300, will be funded by the use of utility fund cash reserves. As of September 30, 2010, \$915,700 in engineering costs had been expended for the wastewater plant expansion project. During June, 2011 the initial phase of the project was completed. Funding for the project will need to be obtained before any construction can begin.
14. Big Lake Hotels, LLC offered to sell Block 178 along Royal Palm Avenue to the City. The property, where the City tennis courts are located, was purchased by the City for \$200,000 during February, 2010.
15. A professional consultant was engaged by the City to complete a legal review and recodification of the City’s Code of Ordinances.
16. An interlocal agreement between the City and Hendry County for the distribution of Local Fuel Tax proceeds through December 31, 2020 was approved on May 25, 2010.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12 through 14) provide information about the activities of the City as a whole and present the longer-term view of the City's finances. Fund financial statements begin on page 15. For governmental activities, these fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee for City employee pension plan participants.

Reporting - The City as a Whole

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's financial picture is "Is the City as a whole financially better or worse as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report financial information about the City and its activities that provide some answers to this question. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by for-profit private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Governmental Activities

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

Business-type Activities

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

Reporting - The City's Significant Funds

Our analysis of the City's major funds begins on page 15. The fund financial statements provide accounting information about the significant funds - not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Commission establishes other funds to help it control and manage money for particular purposes (like electric, water and sewer services) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies (like the State Library Operating Grant or Law Enforcement Grants). The City's two kinds of funds - governmental and proprietary - use different accounting methods.

Governmental Funds

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

The similarities and differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds can be understood by an analysis of the reconciliations on the schedules included in the basic financial statements on pages 16 and 19.

Proprietary Funds

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

The City as a Trustee

The City is the trustee, or fiduciary, for the City Employees' Pension Trust Fund. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 30 and 31. We excluded these activities from the City's other financial statements because the City can only use these assets to provide pension benefits to participants in the pension plan.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

During the fiscal year ended September 30, 2010, the City's combined net assets increased to \$41.56 million from \$40.57 million at the beginning of the year, or \$.99 million. The City's net assets of the governmental activities decreased \$240,909. Net assets of the business-type activities increased \$1,227,398. The City's unrestricted net assets for governmental activities (the part of net assets that can be used to finance day-to-day operations) were \$1.41 million as of September 30, 2010.

The condensed Statements of Net Assets and Changes in Net Assets on the following pages provide a comprehensive analysis of the government-wide financial information for the fiscal years ended September 30, 2010 and September 30, 2009.

GOVERNMENT WIDE STATEMENTS

Statement of Net Assets

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

Statement of Net Assets as of September 30, 2010 and September 30, 2009 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 2,369	\$ 2,727	\$ 11,277	\$ 11,566	\$ 13,646	\$ 14,293
Capital assets	<u>10,900</u>	<u>10,995</u>	<u>36,925</u>	<u>34,118</u>	<u>47,825</u>	<u>45,113</u>
Total assets	<u>13,269</u>	<u>13,722</u>	<u>48,202</u>	<u>45,684</u>	<u>61,471</u>	<u>59,406</u>
Long-term liabilities	226	199	16,250	15,470	16,476	15,669
Other liabilities	<u>593</u>	<u>832</u>	<u>2,844</u>	<u>2,333</u>	<u>3,437</u>	<u>3,165</u>
Total liabilities	<u>819</u>	<u>1,031</u>	<u>19,094</u>	<u>17,803</u>	<u>19,913</u>	<u>18,834</u>
Net assets:						
Invested in capital assets, net of related debt	10,900	10,995	19,413	18,160	30,313	29,155
Restricted	140	239	4,618	4,975	4,758	5,214
Unrestricted	<u>1,410</u>	<u>1,457</u>	<u>5,077</u>	<u>4,746</u>	<u>6,487</u>	<u>6,203</u>
Total net assets	<u>\$ 12,450</u>	<u>\$ 12,691</u>	<u>\$ 29,108</u>	<u>\$ 27,881</u>	<u>\$ 41,558</u>	<u>\$ 40,572</u>

For more detailed information, see the Statement of Net Assets on page 12.

Changes in Net Assets

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

	Changes in Net Assets					
	for the Fiscal Years Ended September 30, 2010					
	and September 30, 2009 (in thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 3,555	\$ 3,621	\$ 17,101	\$ 17,436	\$ 20,656	\$ 21,057
Operating grants and contributions	604	423	-	10	604	433
Capital grants and contributions	162	28	1,726	24	1,888	52
General revenues						
Property taxes	1,575	1,654	-	-	1,575	1,654
Other taxes	1,028	1,140	-	-	1,028	1,140
Intergovernmental	674	702	-	-	674	702
Other	168	124	120	60	288	184
Transfers - internal	<u>1,297</u>	<u>1,282</u>	<u>(1,297)</u>	<u>(1,282)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>9,063</u>	<u>8,974</u>	<u>17,650</u>	<u>16,248</u>	<u>26,713</u>	<u>25,222</u>
Expenses						
General government	1,291	1,260	-	-	1,291	1,260
Public safety	2,694	2,680	-	-	2,694	2,680
Physical environment	1,131	1,133	-	-	1,131	1,133
Public works	1,053	1,166	16,423	16,943	17,476	18,109
Culture and recreation	2,481	2,498	-	-	2,481	2,498
Economic development	527	120	-	-	527	120
Human service	<u>127</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>137</u>
Total expenses	<u>9,304</u>	<u>8,994</u>	<u>16,423</u>	<u>16,943</u>	<u>25,727</u>	<u>25,937</u>
Changes in net assets	<u>\$ (241)</u>	<u>\$ (20)</u>	<u>\$ 1,227</u>	<u>\$ (695)</u>	<u>\$ 986</u>	<u>\$ (715)</u>
Ending net assets	<u>\$ 12,450</u>	<u>\$ 12,691</u>	<u>\$ 29,108</u>	<u>\$ 27,881</u>	<u>\$ 41,558</u>	<u>\$ 40,572</u>

Governmental Activities

The decrease in net assets of governmental activities for the fiscal year ended September 30, 2010, was \$240,909 which resulted from governmental activities program and general revenues and internal transfers-in which were less than expenses. Depreciation on governmental activities capital assets was \$809,256 for the fiscal year ended September 30, 2010.

Business-type Activities

The increase in net assets of business-type activities for the fiscal year ended September 30, 2010, was \$1,227,398 which was a result of business-type activities charges for services, capital contributions and other income over the total of expenses and internal transfers-out. Depreciation and amortization on business-type activities capital assets was \$1,240,111.

THE CITY'S FUNDS

Governmental Type Funds

As of September 30, 2010, the governmental funds (as presented on page 15) reported a fund balance of \$1.76 million which is 6% less than at the beginning of the year (\$1.87 million). The governmental funds experienced a net decrease in their combined fund balances of \$108,117 due to expenditures in excess of revenues and transfers-in during the fiscal year ended September 30, 2010, using the modified accrual basis of accounting. The adjustment to reconcile the \$108,117 decrease in the fund balance of the governmental funds to the \$240,909 decrease in net assets of governmental activities is shown on page 19.

Business-type Funds

As of year-end, the business-type funds (Electric Fund and Water and Sewer Fund) reported a combined net assets of \$29.11 million which is 4.41% greater than at the beginning of the year (\$27.88 million).

The business-type funds increase in net assets resulted primarily from capital contributions in the amount of \$1,726,278.

General Fund Budgetary Highlights

Over the course of the year, the City Commission made revisions to the City's budget. These budget amendments were made to recognize revenues which were previously unanticipated (primarily grant revenues) and to address line item over-expenditures in certain departments by moving previously budgeted funds, sometimes from other departments which had been under-expended.

The Governmental Fund's actual revenues were \$21,095 less than budgeted.

The Governmental Fund's actual expenditures were \$372,860 less than budgeted. The City reduced its expenditures across the board wherever possible due to the overall decrease in revenues as a result of lower property values and depressed economic conditions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$78,167,561 invested in a broad range of capital assets, including land, buildings, police, fire, and public works equipment, library, park and recreational facilities, and electric, water and sewer utility systems. This amount represents a net increase (including additions and deletions) of \$4,273,706 or 5.8% over last year. See Note 7 in the notes to the financial statements for detailed changes in capital assets.

The City budgeted an additional \$1.94 million in capital expenditures for the fiscal year ended September 30, 2011, which consisted of \$.75 million in capital expenditures in the governmental funds and \$1.19 million in capital expenditures in the business-type funds.

Debt

At September 30, 2010, the City had \$16,807,737 in notes and bonds payable outstanding versus \$15,598,000 at September 30, 2009 - an increase of 5.3% - as shown in the schedule below.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Notes payable	\$ -	\$ -	\$ 2,594,737	\$ 1,574,000	\$ 2,594,737	\$ 1,574,000
Revenue bonds payable (secured by water and sewer net revenue)	-	-	14,213,000	14,384,000	14,213,000	14,384,000
Totals	\$ -	\$ -	\$ 16,807,737	\$ 15,958,000	\$ 16,807,737	\$ 15,958,000

New debt in the amount of \$ 1,180,737 was incurred by the City during the fiscal year ended September 30, 2010. See Note 8 for more information about the City's debt, such as interest rates and amortization of debt.

Other obligations of the City include accrued vacation pay.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City Commission considered many factors while determining the fiscal year 2011 budget, setting the new millage rate, and analyzing the fees which will be charged by the business-type activities. One of those factors was the economy.

Clewiston's local economy consists largely of agribusiness, retail, and service industries. Some of the largest business entities in the Clewiston area include sugar and citrus growers, general merchandise, and grocery retail establishments. The City's unemployment rate in 2010 was approximately 14.5% on an annual basis which was higher than previous years. The City of Clewiston's population has increased from 6,085 in April, 1990, to a current population of approximately 7,150 people.

The current real estate market and general economy in Hendry County and surrounding areas has caused a considerable slowdown in local real estate sales and construction activities. As construction activities slow, it causes unemployment to rise, and has a negative impact on population trends, as some construction workers and their families have to move to other areas of the country to find available work. The duration and magnitude of the impact of this slowdown on the City of Clewiston's economy is difficult to predict.

The City budgeted government-wide revenues of \$26.6 million, including grant revenues of \$.67 million, and government-wide expenditures of \$27.5 million, including \$1.94 million in capital expenditures, for the fiscal year ended September 30, 2011. If the budgeted revenues and expenditures are realized, the City's financial reserves will be decreased by \$.9 million during fiscal year 2011. The millage rate for the fiscal year ended September 30, 2011, was set at 6.2210 mills. This millage rate is equal to the millage rate used in the previous fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF CLEWISTON, FLORIDA
Government-wide Statement of Net Assets
September 30, 2010

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash	\$ 1,475	\$ 650	\$ 2,125
Investments	2,558,009	893,586	3,451,595
Receivables, net			
Accounts	413,999	2,542,830	2,956,829
Assessments	17,532	24,912	42,444
Taxes	12,457	-	12,457
Interest	-	32,424	32,424
Inventory	92,628	405,238	497,866
Prepaid expenses	133,220	-	133,220
Due from other governments	550,778	128,671	679,449
Internal balances	(1,410,976)	1,410,976	-
Restricted assets			
Investments	-	5,266,176	5,266,176
Accounts receivable - FMPA	-	425,207	425,207
Capital assets			
Land	2,518,687	670,142	3,188,829
Depreciable capital assets, net	8,381,212	32,197,922	40,579,134
Construction in progress	-	4,056,934	4,056,934
Deferred charges	-	146,697	146,697
Total assets	<u>\$ 13,269,021</u>	<u>\$ 48,202,365</u>	<u>\$ 61,471,386</u>
Liabilities			
Accounts payable	\$ 278,311	\$ 958,434	\$ 1,236,745
Contracts payable	-	657,408	657,408
Accrued liabilities	94,049	107,236	201,285
Sewer assessments paid in advance	-	48,283	48,283
Deferred revenue	220,460	-	220,460
Payable from restricted assets			
Accrued interest	-	55,885	55,885
Deposits	-	459,155	459,155
Current portion of notes payable	-	222,784	222,784
Current portion of revenue bonds payable	-	178,000	178,000
Noncurrent liabilities			
Due in more than one year	225,953	16,406,953	16,632,906
Total liabilities	<u>818,773</u>	<u>19,094,138</u>	<u>19,912,911</u>
Net assets			
Invested in capital assets, net or related debt	10,899,899	19,413,271	30,313,170
Restricted for			
Community redevelopment	139,882	-	139,882
Construction and debt retirement	-	4,193,241	4,193,241
Working capital - FMPA	-	425,207	425,207
Unrestricted	1,410,467	5,076,508	6,486,975
Total net assets	<u>\$ 12,450,248</u>	<u>\$ 29,108,227</u>	<u>\$ 41,558,475</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Government-wide Statement of Activities
Year Ended September 30, 2010

Functions / Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 1,291,316	\$ 430,560	\$ -	\$ -	\$ (860,756)
Public safety					
Police	1,934,926	114,031	80,837	161,556	(1,578,502)
Fire and inspections	759,049	524,891	-	-	(234,158)
Total public safety	2,693,975	638,922	80,837	161,556	(1,812,660)
Physical environment	1,131,153	1,318,862	-	-	187,709
Transportation					
Streets and lighting	1,053,381	408,741	112,025	-	(532,615)
Culture and recreation					
Library	495,904	2,847	347,757	-	(145,300)
Parks and recreation	1,984,743	671,063	63,115	-	(1,250,565)
Total culture and recreation	2,480,647	673,910	410,872	-	(1,395,865)
Economic environment					
Housing and urban development	527,316	-	-	-	(527,316)
Industry development	-	-	-	-	-
Total economic environment	527,316	-	-	-	(527,316)
Human services					
Animal control	126,750	84,597	-	-	(42,153)
Total governmental activities	9,304,538	3,555,592	603,734	161,556	(4,983,656)
Business-type activities					
Electric	12,676,654	13,556,367	-	-	879,713
Water and sewer	3,746,034	3,544,492	-	1,726,278	1,524,736
Total business-type activities	16,422,688	17,100,859	-	1,726,278	2,404,449
Total	\$ 25,727,226	\$ 20,656,451	\$ 603,734	\$ 1,887,834	\$ (2,579,207)

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Government-wide Statement of Activities (continued)
September 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net (expense) / revenue from previous page	\$ (4,983,656)	\$ 2,404,449	\$ (2,579,207)
General revenues			
Taxes	2,603,380	-	2,603,380
Intergovernmental	674,270	-	674,270
Investment income	22,939	71,384	94,323
Miscellaneous	145,289	48,434	193,723
Transfers - internal	<u>1,296,869</u>	<u>(1,296,869)</u>	<u>-</u>
Total general revenues and transfers	<u>4,742,747</u>	<u>(1,177,051)</u>	<u>3,565,696</u>
Changes in net assets	(240,909)	1,227,398	986,489
Net assets - October 1, 2009	<u>12,691,157</u>	<u>27,880,829</u>	<u>40,571,986</u>
Net assets - September 30, 2010	<u>\$ 12,450,248</u>	<u>\$ 29,108,227</u>	<u>\$ 41,558,475</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
 Balance Sheet
 Governmental Funds
 September 30, 2010

	General Fund	Clewiston Redevelopment Agency Fund	General Construction Fund	Other Governmental Fund	Total Governmental Funds
Assets					
Cash	\$ 1,475	\$ -	\$ -	\$ -	\$ 1,475
Investments	2,228,750	143,763	-	185,496	2,558,009
Receivables					
Accounts	413,999	-	-	-	413,999
Special assessments	17,532	-	-	-	17,532
Prepaid expenses	130,228	-	-	2,992	133,220
Inventory	92,628	-	-	-	92,628
Due from other funds	312,388	-	-	-	312,388
Due from other governments	336,189	-	214,589	-	550,778
Total assets	<u>\$ 3,533,189</u>	<u>\$ 143,763</u>	<u>\$ 214,589</u>	<u>\$ 188,488</u>	<u>\$ 4,080,029</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 267,709	\$ 3,401	\$ -	\$ 7,201	\$ 278,311
Accrued liabilities	91,847	-	-	2,202	94,049
Due to other funds	1,507,713	480	214,589	582	1,723,364
Deferred revenue	41,957	-	-	178,503	220,460
Total liabilities	<u>1,909,226</u>	<u>3,881</u>	<u>214,589</u>	<u>188,488</u>	<u>2,316,184</u>
Fund balances					
Reserved for community redevelopment	-	139,882	-	-	139,882
Reserved for inventory and prepaid expenses	222,856	-	-	-	222,856
Unreserved	1,401,107	-	-	-	1,401,107
Total fund balances	<u>1,623,963</u>	<u>139,882</u>	<u>-</u>	<u>-</u>	<u>1,763,845</u>
Total liabilities and fund balances	<u>\$ 3,533,189</u>	<u>\$ 143,763</u>	<u>\$ 214,589</u>	<u>\$ 188,488</u>	<u>\$ 4,080,029</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
September 30, 2010

Total fund balances, governmental funds	\$ 1,763,845
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,899,899
Other assets are not available to pay for current-period expenditures.	12,457
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(225,953)</u>
Net assets of governmental activities	<u>\$ 12,450,248</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
Year Ended September 30, 2010

	General Fund	Clewiston Redevelopment Agency Fund	General Construction Fund	Other Governmental Fund	Total Governmental Funds
Revenues					
Taxes	\$ 3,042,297	\$ 174,483	\$ -	\$ -	\$ 3,216,780
Licenses and permits	124,405	-	-	-	124,405
Intergovernmental revenue	1,417,924	250,000	-	258,125	1,926,049
Charges for services	1,997,131	-	-	-	1,997,131
Fines and forfeitures	133,509	-	-	-	133,509
Miscellaneous revenues	398,756	3,514	-	725	402,995
Total revenues	<u>7,114,022</u>	<u>427,997</u>	<u>-</u>	<u>258,850</u>	<u>7,800,869</u>
Expenditures					
Current					
General government	1,711,728	-	-	-	1,711,728
Public safety					
Police	2,011,712	-	-	-	2,011,712
Fire and inspections	652,320	-	-	-	652,320
Total public safety	<u>2,664,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,664,032</u>
Transportation					
Streets and lighting	881,884	-	-	-	881,884
Culture and recreation					
Library	208,327	-	-	258,850	467,177
Parks and recreation	1,772,284	-	-	-	1,772,284
Total culture and recreation	<u>1,980,611</u>	<u>-</u>	<u>-</u>	<u>258,850</u>	<u>2,239,461</u>
Physical environment	1,061,366	-	-	-	1,061,366
Economic environment					
Housing and urban development	-	527,316	-	-	527,316
Industry development	-	-	-	-	-
Total economic environment	<u>-</u>	<u>527,316</u>	<u>-</u>	<u>-</u>	<u>527,316</u>
Human services					
Animal control	120,068	-	-	-	120,068
Total expenditures	<u>8,419,689</u>	<u>527,316</u>	<u>-</u>	<u>258,850</u>	<u>9,205,855</u>
Excess of revenues under expenditures (carried forward)	<u>(1,305,667)</u>	<u>(99,319)</u>	<u>-</u>	<u>-</u>	<u>(1,404,986)</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds (continued)
Year Ended September 30, 2010

	<u>General Fund</u>	<u>Clewiston Redevelopment Agency Fund</u>	<u>General Construction Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Excess of revenues under expenditures (brought forward)	(1,305,667)	(99,319)	-	-	(1,404,986)
Other financing sources (uses)					
Operating transfers-in	1,296,869	-	-	-	1,296,869
Operating transfers-out	-	-	-	-	-
Total other financing sources (uses)	<u>1,296,869</u>	-	-	-	<u>1,296,869</u>
Net changes in fund balances	(8,798)	(99,319)	-	-	(108,117)
Fund balances - October 1, 2009	<u>1,632,761</u>	<u>239,201</u>	-	-	<u>1,871,962</u>
Fund balances - September 30, 2010	<u>\$ 1,623,963</u>	<u>\$ 139,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,763,845</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended September 30, 2010

Net change in fund balances - total governmental funds \$ (108,117)

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

Governmental funds report capital outlays as
expenditures. However, in the statement
of activities the cost of those assets is allocated
over their estimated useful lives and reported
as depreciation expense. This is the amount
by which depreciation expense in the statement of
activities exceeded capital outlays in the governmental
funds in the current period. (71,820)

The net effect of various transactions involving
available financial resources (60,972)

Change in net assets of governmental activities \$ (240,909)

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds
Year Ended September 30, 2010

	General Fund			
	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ 3,162,097	\$ 3,196,698	\$ 3,042,297	\$ (154,401)
Licenses and permits	124,940	124,940	124,405	(535)
Intergovernmental	1,113,071	1,306,372	1,417,924	111,552
Charges for services	2,086,975	2,086,975	1,997,131	(89,844)
Fines and forfeitures	115,720	115,720	133,509	17,789
Miscellaneous	<u>263,956</u>	<u>263,956</u>	<u>398,756</u>	<u>134,800</u>
Total revenues	<u>6,866,759</u>	<u>7,094,661</u>	<u>7,114,022</u>	<u>19,361</u>
Expenditures				
Current				
General government	1,724,499	1,588,913	1,711,728	(122,815)
Public safety	2,622,615	2,975,604	2,664,032	311,572
Transportation	927,514	927,514	881,884	45,630
Culture and recreation	1,974,168	1,984,667	1,980,611	4,056
Physical environment	997,668	997,668	1,061,366	(63,698)
Economic environment	-	-	-	-
Human services	<u>123,409</u>	<u>123,409</u>	<u>120,068</u>	<u>3,341</u>
Total expenditures	<u>8,369,873</u>	<u>8,597,775</u>	<u>8,419,689</u>	<u>178,086</u>
Excess of revenues under expenditures	<u>(1,503,114)</u>	<u>(1,503,114)</u>	<u>(1,305,667)</u>	<u>197,447</u>
Other financing sources (uses)				
Operating transfers-in	1,296,869	1,296,869	1,296,869	-
Operating transfers-out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,296,869</u>	<u>1,296,869</u>	<u>1,296,869</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (206,245)</u>	<u>\$ (206,245)</u>	(8,798)	<u>\$ 197,447</u>
Fund balances - October 1, 2009			<u>1,632,761</u>	
Fund balances - September 30, 2010			<u>\$ 1,623,963</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds (continued)
Year Ended September 30, 2010

	<u>Clewiston Redevelopment Agency Fund</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 245,237	\$ 174,483	\$ 174,483	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	250,000	250,000	250,000	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	3,514	3,514
	<u>495,237</u>	<u>424,483</u>	<u>427,997</u>	<u>3,514</u>
Total revenues				
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Physical environment	-	-	-	-
Economic environment	495,237	678,120	527,316	150,804
Human services	-	-	-	-
	<u>495,237</u>	<u>678,120</u>	<u>527,316</u>	<u>150,804</u>
Total expenditures				
Excess of revenues under expenditures	<u>-</u>	<u>(253,637)</u>	<u>(99,319)</u>	<u>154,318</u>
Other financing sources (uses)				
Operating transfers-in	-	-	-	-
Operating transfers-out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ -</u>	<u>\$ (253,637)</u>	<u>(99,319)</u>	<u>\$ 154,318</u>
Fund balances - October 1, 2009			<u>239,201</u>	
Fund balances - September 30, 2010			<u>\$ 139,882</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds (continued)
Year Ended September 30, 2010

	General Construction Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues under expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers-in	-	-	-	-
Operating transfers-out	-	-	-	-
	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other financing sources under expenditures and other uses	\$ -	\$ -	-	\$ -
Fund balances - October 1, 2009			-	
Fund balances - September 30, 2010			\$ -	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds (continued)
Year Ended September 30, 2010

	Other Governmental Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	355,275	302,820	258,125	(44,695)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	725	725
	<u>355,275</u>	<u>302,820</u>	<u>258,850</u>	<u>(43,970)</u>
Total revenues				
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	355,275	302,820	258,850	43,970
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
	<u>355,275</u>	<u>302,820</u>	<u>258,850</u>	<u>43,970</u>
Total expenditures				
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers-in	-	-	-	-
Operating transfers-out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - October 1, 2009			<u>-</u>	
Fund balances - September 30, 2010			<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds (continued)
Year Ended September 30, 2010

	Total Governmental Funds			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 3,407,334	\$ 3,371,181	\$ 3,216,780	\$ (154,401)
Licenses and permits	124,940	124,940	124,405	(535)
Intergovernmental	1,718,346	1,859,192	1,926,049	66,857
Charges for services	2,086,975	2,086,975	1,997,131	(89,844)
Fines and forfeitures	115,720	115,720	133,509	17,789
Miscellaneous	<u>263,956</u>	<u>263,956</u>	<u>402,995</u>	<u>139,039</u>
Total revenues	<u>7,717,271</u>	<u>7,821,964</u>	<u>7,800,869</u>	<u>(21,095)</u>
Expenditures				
Current				
General government	1,724,499	1,588,913	1,711,728	(122,815)
Public safety	2,622,615	2,975,604	2,664,032	311,572
Transportation	927,514	927,514	881,884	45,630
Culture and recreation	2,329,443	2,287,487	2,239,461	48,026
Physical environment	997,668	997,668	1,061,366	(63,698)
Economic environment	495,237	678,120	527,316	150,804
Human services	<u>123,409</u>	<u>123,409</u>	<u>120,068</u>	<u>3,341</u>
Total expenditures	<u>9,220,385</u>	<u>9,578,715</u>	<u>9,205,855</u>	<u>372,860</u>
Excess of revenues under expenditures	<u>(1,503,114)</u>	<u>(1,756,751)</u>	<u>(1,404,986)</u>	<u>351,765</u>
Other financing sources (uses)				
Operating transfers-in	1,296,869	1,296,869	1,296,869	-
Operating transfers-out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,296,869</u>	<u>1,296,869</u>	<u>1,296,869</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (206,245)</u>	<u>\$ (459,882)</u>	(108,117)	<u>\$ 351,765</u>
Fund balances - October 1, 2009			<u>1,871,962</u>	
Fund balances - September 30, 2010			<u>\$ 1,763,845</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Business-type Activities - Enterprise Funds		
	Electric Fund	Water/Sewer Fund	Totals
Assets			
Current Assets			
Cash	\$ 650	\$ -	\$ 650
Investments	414,735	478,851	893,586
Receivables, net			
Accounts	1,906,909	635,921	2,542,830
Assessments	-	24,912	24,912
Due from other governments	-	128,671	128,671
Due from other funds	1,507,713	386,694	1,894,407
Accrued interest	-	32,424	32,424
Inventory, at cost	<u>376,327</u>	<u>28,911</u>	<u>405,238</u>
Total current assets	<u>4,206,334</u>	<u>1,716,384</u>	<u>5,922,718</u>
Restricted assets			
Investments	1,458,834	3,807,342	5,266,176
Accounts receivable - FMPA	<u>425,207</u>	<u>-</u>	<u>425,207</u>
Total restricted assets	<u>1,884,041</u>	<u>3,807,342</u>	<u>5,691,383</u>
Capital assets			
Land	27,667	642,475	670,142
Depreciable capital assets, net	7,245,000	24,952,922	32,197,922
Construction in progress	<u>-</u>	<u>4,056,934</u>	<u>4,056,934</u>
Total capital assets, net	<u>7,272,667</u>	<u>29,652,331</u>	<u>36,924,998</u>
Deferred charges	<u>35,229</u>	<u>111,468</u>	<u>146,697</u>
Total assets (carried forward)	<u>13,398,271</u>	<u>35,287,525</u>	<u>48,685,796</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Net Assets (continued)
Proprietary Funds
September 30, 2010

	Business-type Activities - Enterprise Funds		
	Electric Fund	Water/Sewer Fund	Totals
Total assets (brought forward)	<u>13,398,271</u>	<u>35,287,525</u>	<u>48,685,796</u>
Liabilities			
Current liabilities			
Accounts payable	866,538	91,896	958,434
Contracts payable	-	657,408	657,408
Accrued liabilities	78,901	28,335	107,236
Due to other funds	386,694	96,737	483,431
Sewer assessments paid in advance	<u>-</u>	<u>48,283</u>	<u>48,283</u>
Total current liabilities	<u>1,332,133</u>	<u>922,659</u>	<u>2,254,792</u>
Current liabilities payable from restricted assets			
Accrued interest	9,303	46,582	55,885
Deposits	459,155	-	459,155
Current portion of notes payable	157,111	65,673	222,784
Current portion of revenue bonds payable	<u>-</u>	<u>178,000</u>	<u>178,000</u>
Total current liabilities payable from restricted assets	<u>625,569</u>	<u>290,255</u>	<u>915,824</u>
Noncurrent liabilities	<u>1,256,889</u>	<u>15,150,064</u>	<u>16,406,953</u>
Total liabilities	<u>3,214,591</u>	<u>16,362,978</u>	<u>19,577,569</u>
Net assets			
Invested in capital assets, net of related debt	5,858,667	13,554,604	19,413,271
Restricted for			
Construction and retirement of debt	676,154	3,517,087	4,193,241
Working capital - FMPA	425,207	-	425,207
Unrestricted	<u>3,223,652</u>	<u>1,852,856</u>	<u>5,076,508</u>
Total net assets	<u>\$ 10,183,680</u>	<u>\$ 18,924,547</u>	<u>\$ 29,108,227</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenses
and Changes in Net Assets
Proprietary Funds
Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds		
	Electric Fund	Water/Sewer Fund	Totals
Operating revenues			
Charges for services	<u>\$ 13,556,367</u>	<u>\$ 3,544,492</u>	<u>\$ 17,100,859</u>
Operating expenses			
Electricity purchased	10,298,263	-	10,298,263
Personal services	1,067,271	520,516	1,587,787
Contractual services	285,124	903,986	1,189,110
Supplies	104,796	103,308	208,104
Utilities	39,493	566,635	606,128
Insurance	46,655	36,312	82,967
Repairs and maintenance	202,235	239,900	442,135
Depreciation and amortization	470,888	769,223	1,240,111
Miscellaneous	40,392	9,905	50,297
Bad debts	<u>42,838</u>	<u>3,469</u>	<u>46,307</u>
Total operating expenses	<u>12,597,955</u>	<u>3,153,254</u>	<u>15,751,209</u>
Operating income	<u>958,412</u>	<u>391,238</u>	<u>1,349,650</u>
Nonoperating revenues (expenses)			
Interest	13,683	25,670	39,353
Miscellaneous	40,844	7,590	48,434
Gain on investment	-	32,031	32,031
Interest and fiscal charges	(73,005)	(592,780)	(665,785)
Loss on disposal of fixed assets	<u>(5,694)</u>	<u>-</u>	<u>(5,694)</u>
Total nonoperating revenues (expenses)	<u>(24,172)</u>	<u>(527,489)</u>	<u>(551,661)</u>
Income (loss) before contributions and transfers	<u>934,240</u>	<u>(136,251)</u>	<u>797,989</u>
Capital contributions	-	1,726,278	1,726,278
Operating transfers-out	<u>(1,015,741)</u>	<u>(281,128)</u>	<u>(1,296,869)</u>
Changes in net assets	(81,501)	1,308,899	1,227,398
Net assets - October 1, 2009	<u>10,265,181</u>	<u>17,615,648</u>	<u>27,880,829</u>
Net assets - September 30, 2010	<u>\$ 10,183,680</u>	<u>\$ 18,924,547</u>	<u>\$ 29,108,227</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Electric Fund</u>	<u>Water/Sewer Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 13,839,114	\$ 3,486,675	\$ 17,325,789
Cash payments for goods and services	(10,992,963)	(2,091,044)	(13,084,007)
Cash payments to employees for services and related payroll costs	<u>(1,068,882)</u>	<u>(513,874)</u>	<u>(1,582,756)</u>
Net cash provided by operating activities	<u>1,777,269</u>	<u>881,757</u>	<u>2,659,026</u>
Cash flows from noncapital financing activities:			
Miscellaneous receipts	40,844	7,590	48,434
Deposits received from customers less deposits returned to customers	25,050	-	25,050
Loans and payments from other funds	144,807	-	144,807
Loans and payments to other funds	-	(168,092)	(168,092)
Cash operating transfers-out to other funds	(1,015,741)	(281,128)	(1,296,869)
Interest paid on customer deposits	<u>(8,866)</u>	<u>-</u>	<u>(8,866)</u>
Net cash used for noncapital financing activities	<u>(813,906)</u>	<u>(441,630)</u>	<u>(1,255,536)</u>
Cash flows from capital and related financing activities:			
Sewer assessments paid in advance	-	48,283	48,283
Capital contributed by customers, developers, and CRA	-	130,852	130,852
Contributed capital by other governments	-	1,505,331	1,505,331
Loan proceeds - Florida DEP	-	742,161	742,161
Loan proceeds - bank	-	400,000	400,000
Loan costs paid	-	(10,000)	(10,000)
Acquisition and construction of capital assets	(26,834)	(3,360,889)	(3,387,723)
Principal paid on notes payable - FMPA	(160,000)	-	(160,000)
Interest paid on notes payable - FMPA and bank	(58,836)	-	(58,836)
Principal paid on revenue bonds payable	-	(171,000)	(171,000)
Interest paid on revenue bonds payable	<u>-</u>	<u>(593,340)</u>	<u>(593,340)</u>
Net cash used for capital and related financing activities	<u>(245,670)</u>	<u>(1,308,602)</u>	<u>(1,554,272)</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds		
	Electric Fund	Water/Sewer Fund	Totals
Cash flows from investing activities:			
Interest received on investments	13,683	23,646	37,329
Gain on investment	-	32,031	32,031
Net cash provided by investing activities	<u>13,683</u>	<u>55,677</u>	<u>69,360</u>
Net increase (decrease) in cash and cash equivalents	731,376	(812,798)	(81,422)
Cash and cash equivalents at beginning of year	<u>1,142,843</u>	<u>5,098,991</u>	<u>6,241,834</u>
Cash and cash equivalents at end of year	<u>\$ 1,874,219</u>	<u>\$ 4,286,193</u>	<u>\$ 6,160,412</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ 958,412</u>	<u>\$ 391,238</u>	<u>\$ 1,349,650</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	470,888	769,223	1,240,111
Provision for uncollectible accounts	42,838	3,469	46,307
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	282,747	(57,817)	224,930
Decrease in inventory	66,017	26,163	92,180
Decrease in accounts payable	(8,202)	(257,161)	(265,363)
Increase (decrease) in other accrued liabilities	<u>(35,431)</u>	<u>6,642</u>	<u>(28,789)</u>
Total adjustments	<u>818,857</u>	<u>490,519</u>	<u>1,309,376</u>
Net cash provided by operating activities (see previous page)	<u>\$ 1,777,269</u>	<u>\$ 881,757</u>	<u>\$ 2,659,026</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Fiduciary Net Assets
Fiduciary Fund
September 30, 2010

	<u>Pension Trust Fund</u>
Assets	
Investments	<u>\$ 7,061,840</u>
Total assets	<u>7,061,840</u>
Net assets	
Held in trust for pension benefits	<u>7,061,840</u>
Total net assets	<u>\$ 7,061,840</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended September 30, 2010

	Pension Trust Fund
Additions	
Contributions	
Employer	\$ 525,216
Net investment earnings	676,698
Total additions	1,201,914
Deductions	
Benefits	261,321
Administrative	27,795
Total deductions	289,116
Change in net assets	912,798
Net assets - October 1, 2009	6,149,042
Net assets - September 30, 2010	\$ 7,061,840

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Clewiston (the City) is a municipal corporation incorporated by Laws of Florida, 1923, Chapter 9712, which was amended by Laws of Florida, 1925, Chapter 10434. Both of said acts were repealed by Laws of Florida 1925, Chapter 10433, Article IX, Paragraph 11. Said 1925, Chapter 10433, as amended, constitutes the present Charter of the City. The City is governed by an elected five-member board. 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 and sewer systems.

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

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

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

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

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity

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

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

Blended Component Unit

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

Basic Financial Statements - Government-wide Statements

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-wide Statements

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

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

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

Basic Financial Statements - Fund Financial Statements

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

The following fund types are used by the City:

Governmental Funds

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

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

Special Revenue Funds are used to account for the proceeds of a specific revenue source which is legally restricted to expenditures for a specific purpose.

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

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

The City reports the following major governmental funds:

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

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

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

Proprietary Funds

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Basis of Accounting

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

Accrual

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

Modified Accrual

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

Investments

Investments are stated at cost, which approximates market.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

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

Inventories

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

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

Capital Assets

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

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

Loan costs incurred in connection with the note payable to Florida Municipal Power Agency are being amortized over 10 years using the straight-line method. Loan costs incurred in connection with the notes payable to a bank are being amortized over nine or ten years using the straight-line method. Bond issue costs associated Water and Sewer Revenue Bonds - Series 2007A and 2007B are being amortized over 39 years using the straight-line method.

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic lights, etc. These infrastructure assets are likely to be the largest asset class of the City.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2008. The City elected to implement all of the provisions of GASB Statement No. 34 in the fiscal year ended September 30, 2003.

Revenues

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

Expenditures

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

Compensated Absences

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

Interfund Activity

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund

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

Capitalization Policy

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

Statement of Cash Flows - Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the City considers cash and cash equivalents to be all petty cash, bank accounts, and certificates of deposit maturing in less than three months held by the enterprise funds.

Budgets and Budgetary Accounting

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 2 - CASH AND INVESTMENTS

Cash

At year end, the City's cash consisted of funds in noninterest-bearing bank accounts and petty cash.

Investments

During the fiscal year, investments consisted of interest-bearing bank accounts and funds in a single employer defined benefit pension plan. The funds in bank accounts were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer by financial institutions which comply with the requirements of Florida Statutes and have been designated as qualified public depositories by the State Treasurer.

The City's investments, as of September 30, 2010, that are represented by specific identifiable investment securities, are classified as to credit risk as either (1) insured or registered for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

	1	Categories 2	3	Carrying Amount	Market Amount
Interest-bearing bank accounts	<u>\$ 8,717,771</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 8,717,771	\$ 8,717,771
	<u>\$ 8,717,771</u>	<u>\$ -</u>	<u>\$ -</u>		
Investment in single employer defined benefit pension plan				<u>7,061,840</u>	<u>7,061,840</u>
				<u>\$15,779,611</u>	<u>\$15,779,611</u>

Florida Statutes, Chapter 166.261, authorizes the City to invest in the Local Government Surplus Funds Trust Fund administered by the State Treasurer; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under Federal or Florida laws; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks, or obligations guaranteed by the Governmental National Mortgage Association and obligations of the Federal National Mortgage Association; securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Act of 1940 provided the portfolio is limited to United States Government obligations.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 3 - PROPERTY TAXES

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. There are some limitations as to the amount of the annual increase in tax levy; however, these limitations can be overridden by a majority vote of the City Commission. The tax levy rate for general government services for the year ended September 30, 2010, was \$6.2210 per \$1,000 and was adopted by resolution on September 21, 2009.

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

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

NOTE 4 - INTERNAL BALANCES AND TRANSFERS - INTERNAL

Internal balances (receivables and payables) between the governmental activities and business-type activities as of September 30, 2010, were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$ 312,388	\$1,507,713
Clewiston Redevelopment Agency Fund	-	480
General Construction Fund	-	214,589
State Library Grant	-	582
Business-type Activities		
Electric	1,507,713	386,694
Water and Sewer	<u>386,694</u>	<u>96,737</u>
	<u>\$2,206,795</u>	<u>\$2,206,795</u>

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 4 - INTERNAL BALANCES AND TRANSFERS - INTERNAL (continued)

Operating transfers for the fiscal year ended September 30, 2010, were as follows:

	Transfers-in	Transfers-out
Governmental activities		
General Fund	\$1,296,869	\$ -
Business-type activities		
Electric Fund	-	1,015,741
Water and Sewer Fund	<u>-</u>	<u>281,128</u>
Total	<u>\$1,296,869</u>	<u>\$1,296,869</u>

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

Accounts receivable of the governmental activities and business-type activities, other than the accounts receivable from FMPA shown under restricted assets, consisted of the following as of September 30, 2010:

	Governmental Activities	Business-type Activities
Billed	\$ 335,373	\$ 1,830,810
Unbilled	<u>99,659</u>	<u>873,847</u>
Total	435,032	2,704,657
Less allowance for doubtful accounts	<u>(21,033)</u>	<u>(161,827)</u>
	<u>\$ 413,999</u>	<u>\$ 2,542,830</u>

NOTE 6 - RESTRICTED INVESTMENTS AND ACCOUNTS RECEIVABLE - FMPA

Restricted assets in the business-type activities were comprised of the following as of September 30, 2010:

	Electric Fund	Water/Sewer Fund	Total
Funds reserved for new construction and debt retirement	\$ 995,679	\$3,807,342	\$4,803,021
Customer deposits and accrued interest on deposits	463,155	-	463,155
Funds reserved for FMPA working capital	<u>425,207</u>	<u>-</u>	<u>425,207</u>
	<u>\$1,884,041</u>	<u>\$3,807,342</u>	<u>\$5,691,383</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 7 - CAPITAL ASSETS

The following is a summary of capital assets of the governmental activities as of September 30, 2010:

Land	\$ 2,518,687
Buildings	4,365,287
Improvements other than buildings	9,714,656
Machinery and equipment	<u>8,444,883</u>
	25,043,513
Less accumulated depreciation	<u>14,143,614</u>
	<u>\$10,899,899</u>

Changes in Capital Assets - Governmental Activities

The following is a summary of changes in capital assets of the governmental activities for the year ended September 30, 2010:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Land	\$ 2,055,597	\$ 463,090	\$ -	\$ 2,518,687
Buildings	4,365,287	-	-	4,365,287
Improvements other than buildings	9,714,656	-	-	9,714,656
Machinery and equipment	<u>8,473,379</u>	<u>274,346</u>	<u>(302,842)</u>	<u>8,444,883</u>
	24,608,919	737,436	(302,842)	25,043,513
Less accumulated depreciation	<u>13,614,189</u>	<u>809,256</u>	<u>(279,831)</u>	<u>14,143,614</u>
	<u>\$10,994,730</u>	<u>\$ (71,820)</u>	<u>\$ (23,011)</u>	<u>\$10,899,899</u>

The following is a summary of capital assets of the business-type activities as of September 30, 2010:

	Electric Fund	Water/Sewer Fund	Total
Land	\$ 27,667	\$ 642,475	\$ 670,142
Buildings	1,927,384	18,499	1,945,883
Improvements other than buildings	11,214,018	32,374,804	43,588,822
Machinery and equipment	1,509,962	1,352,305	2,862,267
Construction in progress	<u>-</u>	<u>4,056,934</u>	<u>4,056,934</u>
	14,679,031	38,445,017	53,124,048
Less accumulated depreciation	<u>7,406,364</u>	<u>8,792,686</u>	<u>16,199,050</u>
	<u>\$ 7,272,667</u>	<u>\$ 29,652,331</u>	<u>\$ 36,924,998</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 7 - CAPITAL ASSETS (continued)

Changes in Capital Assets - Business-type Activities

The following is a summary of changes in capital assets for the year ended September 30, 2010, for each enterprise fund:

Electric Fund	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Land	\$ 27,667	\$ -	\$ -	\$ 27,667
Buildings	1,927,384	-	-	1,927,384
Improvements other than buildings	11,187,184	26,834	-	11,214,018
Machinery and equipment	<u>1,648,248</u>	<u>-</u>	<u>138,286</u>	<u>1,509,962</u>
	14,790,483	26,834	138,286	14,679,031
Less accumulated depreciation	<u>7,072,472</u>	<u>466,484</u>	<u>132,592</u>	<u>7,406,364</u>
	<u>\$ 7,718,011</u>	<u>\$ (439,650)</u>	<u>\$ 5,694</u>	<u>\$ 7,272,667</u>
Water and Sewer Fund	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Land	\$ 642,475	\$ -	\$ -	\$ 642,475
Buildings	18,499	-	-	18,499
Improvements other than buildings	32,289,029	85,775	-	32,374,804
Machinery and equipment	1,418,638	1,400	67,733	1,352,305
Construction in progress	<u>125,812</u>	<u>3,931,122</u>	<u>-</u>	<u>4,056,934</u>
	34,494,453	4,018,297	67,733	38,445,017
Less accumulated depreciation	<u>8,093,999</u>	<u>766,420</u>	<u>67,733</u>	<u>8,792,686</u>
	<u>\$26,400,454</u>	<u>\$3,251,877</u>	<u>\$ -</u>	<u>\$ 29,652,331</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 47,345
Public safety	184,097
Physical environment	87,200
Transportation	68,206
Culture and recreation	314,156
Human services	<u>8,252</u>
 Total depreciation expense – governmental activities	 <u>\$ 809,256</u>
 Business-type activities	
Electric	\$ 466,484
Water and Sewer	<u>766,420</u>
 Total depreciation expense – business-type activities	 <u>\$ 1,232,904</u>

NOTE 8 - LONG-TERM DEBT

Defeased Water and Sewer Revenue Refunding Bonds, Series 1989

On February 8, 1994, the City defeased Water and Sewer Revenue Refunding Bonds, Series 1989, by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2010, \$245,000 of bonds outstanding are considered defeased.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2010:

	Balance October 1, 2009	New Debt Issued	Retirement of Debt	Balance September 30, 2010	Long-term Portion	Due Within One Year
Business-type Activities						
Electric Fund						
Note payable - FMPA	\$ 160,000	\$ -	\$160,000	\$ -	\$ -	\$ -
Note payable - bank	1,414,000	-	-	1,414,000	1,256,889	157,111
Water and Sewer Fund						
Revenue bonds payable	14,384,000	-	171,000	14,213,000	14,035,000	178,000
Note payable - bank	-	400,000	-	400,000	360,000	40,000
Notes payable - FDEP	-	780,737	-	780,737	755,064	25,673
Governmental Activities						
General Fund						
Compensated absences	<u>199,090</u>	<u>26,863</u>	<u>-</u>	<u>225,953</u>	<u>225,953</u>	<u>-</u>
	<u>\$16,157,090</u>	<u>\$1,207,600</u>	<u>\$331,000</u>	<u>\$17,033,690</u>	<u>\$16,632,906</u>	<u>\$ 400,784</u>

Summary of Long-Term Debt

Long-term debt at September 30, 2010, is comprised of the following:

Business-type Activities

Electric Fund

Notes Payable - Florida Municipal Power Agency (FMPA)

Note payable to FMPA, dated May 1, 2000, payable in ten annual principal payments of \$160,000 beginning January 1, 2001, interest to be paid monthly and calculated as prescribed by paragraph (b) of Section 3.02 of the loan agreement, such interest rate being .92% as of December 29, 2009, when the loan was paid in full. The City shall not be required to make payments under the loan agreement except from the revenues and other receipts of the utility system and from other funds of the utility system legally available therefore. Loan proceeds were used for the construction of the second 138 kV electrical transmission line.

\$ -

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Business-type Activities (continued)

Electric Fund (continued)

Note Payable - Bank

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

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

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

1,414,000

Water and Sewer Fund

Water and Sewer Revenue Bonds - Series 2007A

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

7,894,000

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Business-type Activities (continued)

Water and Sewer Fund (continued)

Water and Sewer Revenue Bonds - Series 2007B

4.125% revenue bonds payable, issued on June 7, 2007, to finance improvements to water system; payment of principal, interest, and reserve account contributions are secured by net revenues of the water and sewer system; interest only for 2007 and 2008, then bonds mature serially on September 1, each year until the year 2046. 6,319,000

Note Payable - Bank

Note payable to a bank, dated April 21, 2010, payable in ten annual principal payments of \$40,000 due April 21, of each year with the first principal payment due on April 21, 2011. Interest shall be paid in arrears monthly at the rate of 4.75%, commencing on May 21, 2010. The final maturity date of the loan is April 21, 2020. Proceeds from the loan were used to construct improvements to the sewer system. 400,000

Notes Payable - Florida Department of Environmental Protection

Notes payable to Florida Department of Environmental Protection, the beginning of the repayment period shall be October 15, 2010. The two notes are payable in forty semi-annual payments in a combined amount of \$31,321, including interest at the rate of 1.42%, beginning April 15, 2011. The maturity date of the loans is October 15, 2030. Proceeds from the loans were used to construct improvements to the sewer system. As of September 30, 2010, the entire proceeds under the two notes in the amount of \$1,080,674 had not been received by the City. 780,737

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Governmental Activities

Compensated Absences

As of September 30, 2010, other long-term liabilities consisted of the noncurrent portion of the compensated absences liability of the General Fund.

225,953

\$17,033,690

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

The annual requirements to amortize the debt outstanding of the business-type activities as of September 30, 2010, including interest payments of \$259,822 on the Electric Fund's note payable and \$13,578,670 on the Water & Sewer Fund's revenue bonds and notes payable are as follows:

Year Ending Sept. 30,	Business-type Activities Electric Fund Note Payable - Bank			Water and Sewer Fund Revenue Bonds Payable		
	Interest	Principal	Total	Interest	Principal	Total
2011	\$ 57,149	\$ 157,111	\$ 214,260	\$ 586,286	\$ 178,000	\$ 764,286
2012	50,079	157,111	207,190	578,944	186,000	764,944
2013	43,009	157,111	200,120	571,271	193,000	764,271
2014	35,939	157,111	193,050	563,310	202,000	765,310
2015	28,869	157,111	185,980	554,978	209,000	763,978
2016-2020	44,777	628,445	673,222	2,638,061	1,184,000	3,822,061
2021-2025	-	-	-	2,372,783	1,450,000	3,822,783
2026-2030	-	-	-	2,047,980	1,775,000	3,822,980
2031-2035	-	-	-	1,650,495	2,172,000	3,822,495
2036-2040	-	-	-	1,163,869	2,660,000	3,823,869
2041-2045	-	-	-	567,930	3,256,000	3,823,930
2046	-	-	-	30,855	748,000	778,855
	<u>\$259,822</u>	<u>\$1,414,000</u>	<u>\$1,673,822</u>	<u>\$13,326,762</u>	<u>\$14,213,000</u>	<u>\$27,539,762</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

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

Year Ending Sept. 30,	Business-type Activities					
	Water and Sewer Fund Note Payable - Bank			Water and Sewer Fund Notes Payable - Florida DEP		
	Interest	Principal	Total	Interest	Principal	Total
2011	\$ 18,208	\$ 40,000	\$ 52,208	\$ 5,648	\$ 25,673	\$ 31,321
2012	16,308	40,000	56,308	15,506	47,136	62,642
2013	14,408	40,000	54,408	14,805	47,837	62,642
2014	12,508	40,000	52,508	14,093	48,549	62,642
2015	10,608	40,000	50,608	13,371	49,271	62,642
2016-2020	24,543	200,000	224,543	55,636	257,574	313,210
2021-2025	-	-	-	35,890	277,320	313,210
2026-2030	-	-	-	376	27,377	27,753
2031-2035	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-
2046	-	-	-	-	-	-
	<u>\$ 96,583</u>	<u>\$ 400,000</u>	<u>\$ 496,583</u>	<u>\$ 155,325</u>	<u>\$ 780,737</u>	<u>\$ 936,062</u>

Year Ending Sept. 30,	Business-type Activities Total Long-term Debt		
	Interest	Principal	Total
2011	\$ 667,291	\$ 400,784	\$ 1,068,075
2012	660,837	430,247	1,091,084
2013	643,493	437,948	1,081,441
2014	625,850	447,660	1,073,510
2015	607,826	455,382	1,063,208
2016-2020	2,763,017	2,270,019	5,033,036
2021-2025	2,408,673	1,727,320	4,135,993
2026-2030	2,048,356	1,802,377	3,850,733
2031-2035	1,650,495	2,172,000	3,822,495
2036-2040	1,163,869	2,660,000	3,823,869
2041-2045	567,930	3,256,000	3,823,930
2046	<u>30,855</u>	<u>748,000</u>	<u>778,855</u>
	<u>\$13,838,492</u>	<u>\$16,807,737</u>	<u>\$30,646,229</u>

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 8 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Water and Sewer Revenue Bond Covenants

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

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

NOTE 9 - EMPLOYEE ANNUAL LEAVE

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

Records are maintained for employees showing the number of days leave accrued. The amount of vacation pay accrued in the governmental activities as a current accrued liability for the year ended September 30, 2010, was \$17,435. The amount accrued in the governmental activities as a noncurrent liability was \$225,953. The amount of accrued annual leave in the business-type activities was \$53,643. Currently, employees will lose unused vacation time in excess of 320 hours as of October 1 of each fiscal year.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 10 - NET ASSETS AND FUND BALANCES

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

Restricted/Reserved for Community Redevelopment

This restriction/reserve was created to segregate a portion of net assets/fund balance for monies designated for future community redevelopment within the Community Redevelopment Agency.

Restricted for Construction and Debt Retirement

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

Restricted for Working Capital - FMPA

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

Reserved for Inventory and Prepaid Expenses

This reserve was created to represent the portion of the fund balance that is not available for current expenditures because the City expects to use these resources within the next budgetary period.

Held in Trust for Pension Benefits

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 11 - SEGMENT INFORMATION

The following is a list of key segment information for the business-type activities as of and for the year ended September 30, 2010:

	Electric Fund	Water/Sewer Fund	Total
Assets			
Current assets	\$ 5,665,168	\$ 5,523,726	\$11,188,894
Capital assets	7,272,667	29,652,331	36,924,998
Other assets	460,436	111,468	571,904
Liabilities			
Current liabilities	1,957,702	1,212,914	3,170,616
Long-term liabilities	1,256,889	15,150,064	16,406,953
Net assets			
Invested in capital assets, net of related debt	5,858,667	13,554,604	19,413,271
Restricted	1,101,361	3,517,087	4,618,448
Unrestricted	3,223,652	1,852,856	5,076,508
Charges for services	13,556,367	3,544,492	17,100,859
Operating expenses	12,597,955	3,153,254	15,751,209
Operating income	958,412	391,238	1,349,650
Non-operating revenues (expenses)	(24,172)	(527,489)	(551,661)
Capital contributions	-	1,726,278	1,726,278
Operating transfers-in	-	-	-
Operating transfers-out	(1,015,741)	(281,128)	(1,296,869)
Changes in net assets	(81,501)	1,308,899	1,227,398
Beginning net assets	10,265,181	17,615,648	27,880,829
Ending net assets	10,183,680	18,924,547	29,108,227
Net cash provided by (used for):			
Operating activities	1,777,269	881,757	2,659,026
Noncapital financing activities	(813,906)	(441,630)	(1,255,536)
Capital and related financing activities	(245,670)	(1,308,602)	(1,554,272)
Investing activities	13,683	55,677	69,360
Beginning cash and cash equivalents	1,142,843	5,098,991	6,241,834
Ending cash and cash equivalents	1,874,219	4,286,193	6,160,412

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 12 - OPERATING GRANTS, CAPITAL GRANTS AND OTHER CONTRIBUTIONS

The following is a schedule of operating grants, capital grants and other contributions received by the City during the fiscal year ended September 30, 2010.

	Governmental Activities	Business-type Activities	Total
Federal Award Programs	\$363,918	\$1,595,426	\$1,959,344
State Financial Assistance	258,125	-	258,125
Contributions from Hendry County	143,247	-	143,247
Contributions from customers and and developers	-	8,852	8,852
Contribution from Community Redevelopment Agency	<u>-</u>	<u>122,000</u>	<u>122,000</u>
	<u>\$765,290</u>	<u>\$1,726,278</u>	<u>\$2,491,568</u>

See pages 65 to 69 for more information concerning federal award programs and state financial assistance. The contributions from Hendry County were used for culture and recreational activities. Current year contributions to the business-type activities from customers and developers consisted of impact fees paid as required by a City ordinance. The impact fees are reserved for current and future construction. The Community Redevelopment Agency contributed \$122,000 to the South Side Sewer Project during the fiscal year ended September 30, 2010.

NOTE 13 - PENSION PLAN

The City sponsors a single employer defined benefit pension plan. The Principal Life Insurance Company was appointed by the City of Clewiston, effective August 1, 1998, to have responsibility for all administrative, actuarial, and investment management responsibilities of the City of Clewiston Pension Plan. Effective October 1, 1998, Principal Life Insurance Company became the funding vehicle for the plan as set forth by the Flexible Pension Investment Contract GA 4-35318. Future retirees will have their benefits paid directly from the plan assets instead of an annuity purchased.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 13 - PENSION PLAN (continued)

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

As of October 1, 2010, (the date of the latest available valuation report) employee membership data used in the calculation of the pension obligation was as follows:

Active members	83
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	90

For the fiscal year ended September 30, 2010, the City's total payroll for all employees was approximately \$4,416,000 and the City's total covered payroll was approximately \$2,628,000. Covered payroll refers to all compensation paid by the City to active employees covered by the pension plan on which contributions to the pension plan are based.

Benefits are computed on the basis of average compensation and years of service. The "pension obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users, (1) assess the City's funding status on a going-concern basis, (2) assess progress in accumulating sufficient assets to pay benefits when due, and (3) make comparisons among Public Employee Retirement Systems. The measure is independent of and should not be confused with the actuarial funding method used to determine contributions to the System. In accordance with Governmental Accounting Standards Board's Statement Number 27, an actuarial valuation to determine the carryforward of net pension obligation, as of October 1, 2010, (the date of the latest available valuation report) was performed by Principal Financial Group.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 13 - PENSION PLAN (continued)

The estimated carryforward of net pension obligation for the plan year beginning October 1, 2010, is as follows:

Annual required contribution for plan year ending September 30, 2010	\$525,216
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost for plan year ending September 30, 2010	525,216
Actual contributions made	525,216
Increase/(decrease) in net pension obligation	-
Net pension obligation - beginning of plan year	<u>-</u>
Net pension obligation - end of plan year	<u><u>\$ -</u></u>

The actuarial valuation report is available at the administrative offices of the City. Actuarial assumption changes and significant actuarial assumptions used in the actuarial valuation report for the plan year beginning October 1, 2010, (the date of the latest valuation report) are as follows:

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

There were no changes in the plan benefits, actuarial cost method, or actuarial assumptions or procedures between the plan years beginning October 1, 2009, and October 1, 2010.

Significant Actuarial Assumptions

1. The valuation interest rate utilized was 8.0%.
2. A salary scale is used to reflect changes in pay between current age and retirement age so that it varies by age. Selected rates of increase are shown below.

Age	Increase	Age	Increase
20	8.40%	40	6.02%
25	7.48%	45	5.69%
30	6.87%	50	5.42%
35	6.41%	55	5.18%

3. Disability and withdrawal assumptions and an estimate of the plan's actual expenses are included in determining the plan's normal cost.
4. Retirement age and withdrawal assumptions reflect the anticipated experience of the City's plan.
5. The plan reflects a plan benefit increase of 3% annually to retired participants.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 13 - PENSION PLAN (continued)

Other assumptions used in Principal Financial Group's actuarial report included mortality rates as shown in the RP-2000 Combined Mortality Table, anticipated retirement age was considered to be the earlier of age 62 and 10 years of service or age 65 and five years of service, disability rates as shown by the 1987 Commissioner's Group Disability Table and it was assumed that 75% of participants would be married at retirement age.

Present values of vested and nonvested accrued benefits are based on the valuation assumptions as described above. Present value of accumulated plan benefits and change in present value of accumulated plan benefits as of October 1, 2010, (the date of the latest available valuation report) are as follows:

Present Value of Accumulated Plan Benefits

Present value of vested benefits	
Retired members	\$3,038,485
Inactive members	1,555,647
Active members	<u>2,746,978</u>
Total	<u>7,341,110</u>
Present value of nonvested benefits	
Inactive members	-
Active members	<u>138,965</u>
Total	<u>138,965</u>
Total present value of accumulated plan benefits as of October 1, 2010	<u>\$7,480,075</u>

Change in Present Value of Accumulated Plan Benefits

Present value of accumulated plan benefits as of October 1, 2009	\$7,006,306
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	560,504
Benefits paid	(261,321)
Benefits accumulated and plan experience	174,586
Change in assumptions	-
Plan amendment	-
Method changes	<u>-</u>
Present value of accumulated plan benefits as of October 1, 2010	<u>\$7,480,075</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 13 - PENSION PLAN (continued)

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

The aggregate cost funding method is used to actuarially determine the contributions to the plan. The aggregate cost funding method is a method under which the excess of the actuarial present value of the projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of the actuarial present value allocated to a valuation year is called the normal cost. The actuarial accrued liability is equal to the actuarial value of assets. Under this method, the actuarial gain (loss), as they occur, reduce (increase) future normal costs. The significant actuarial assumptions to compute the contribution requirement are the same as those used to determine the pension obligation.

The actual contribution by the City for the year ended September 30, 2010, was \$525,216 which was 19.99% of covered payroll. This amount represented the normal cost of the plan in the amount of \$486,311 (18.51% of covered payroll) and interest in the amount of \$38,905. The City's actual contribution was equal to the total actuarially required contribution.

The following data is presented to assess the City's progress in funding the defined benefit pension plan during the current and preceding nine years:

Year Ending September 30,	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Net Pension Obligation
2000	\$239,173	100.00%	\$ -
2001	209,536	100.00%	-
2002	364,418	100.00%	-
2003	362,529	100.00%	-
2004	389,738	100.00%	-
2005	390,430	100.00%	-
2006	422,701	100.00%	-
2007	290,988	100.00%	-
2008	297,996	100.00%	-
2009	404,902	100.00%	-
2010	525,216	100.00%	-

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 14 - DEFINED BENEFIT RETIREMENT PROGRAM FOR CERTIFIED POLICE OFFICERS

Membership in the Florida Retirement System is compulsory for all of the City's certified police officers hired after February 1, 2004. All certified police officers hired prior to February 1, 2004, were allowed to elect to participate in the Florida Retirement System or remain in the existing City pension plan. The Florida Retirement System is a multiple-employer, cost-sharing retirement system. It was created December 1, 1970 with consolidation of the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972 the Judicial Retirement System was also consolidated with the Florida Retirement System. The System was created to provide a retirement and survivor benefit program for participating public employees. Social Security coverage is also provided to all members. The City's payroll for employees covered by the System for the year ended September 30, 2010, was approximately \$806,000. The City's total payroll for the police department was approximately \$1,080,000.

The Florida Retirement System has five classes of membership. The City's employees belong to one of the five classes, the Special Risk Class, consisting of certified law enforcement officers. The Florida Retirement System provides vesting of benefits after six years of creditable service for the Special Risk Class. Members of the special risk class are eligible for normal retirement when they have met the following minimum requirements:

Six years of special risk service and age 55.

Twenty-five total years of service, consisting of both special risk service and up to four years of military service, and age 52.

Twenty-five total years of special risk service, regardless of age.

Thirty years of creditable service, regardless of age (may include four years military).

Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. Employees who retire at or after age 62 with 6 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% (special risk class) of their average final compensation for each year of credited service, depending on the years served. Average final compensation is the employee's average of the five highest years of credited service.

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

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

Retirement coverage is employee noncontributory. Employers pay all contributions. The funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. The level percentages of payroll method is also used to amortize the unfunded liability over a period of 30 years, and to amortize each change in actuarial assumptions. Effective January 1, 1989, the Florida Legislature adopted contribution rates on a graduated scale during each of the next five years to amortize the unfunded liability as of June 30, 1987 over 30 years. The City contribution rates as of September 30, 2010, were based on 22.14% of covered payroll for the special risk class. Total pension costs for the City for the year ended September 30, 2010, were approximately \$158,000.

The Florida Retirement System Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the Florida Retirement System Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 12.25% of salary for all DROP participants.

In 1987, the Florida Legislature established the Retiree Health Insurance Subsidy to assist retirees in paying health insurance costs. Eligible retirees received \$3 per month for each year of creditable service, up to 30 years, provided the retiree has proof of health insurance coverage. The program is funded by required contributions from the Florida Retirement System participating employers. Each employer contributes 1.11% of covered payroll for all active employees. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or cancelled. The cost of the program for the City for the year ended September 30, 2010, was approximately \$8,900.

Historical Trend Information

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

NOTE 15 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all applicable employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts,

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 15 - DEFERRED COMPENSATION PLAN (continued)

property, or rights are held in a qualified trust, custodial account, or annuity contract for the benefit of the plan participants and their beneficiaries. The assets are not subject to the claims of the employer's creditors, nor can the assets be used for any purpose other than the payment of benefits to the plan participants or their designated beneficiaries. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected on the City of Clewiston's Statement of Net Assets.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Florida Municipal Power Agency - Power Sales and Project Support Contracts

The City of Clewiston is a member of the Florida Municipal Power Agency (FMPA) with a membership of thirty 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% of FMPA's entitlement in the All-Requirements Project. In the event payments are not required to be made for any month by the City under its Power Sales Contract because electric capacity and energy were not available, the City would be required to make monthly payments under its Project Support Contract equal to the payment which would have been required under the Power Sales Contract.

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

The City previously entered into a Capacity and Energy Sales Contract with certain other participants. Under this contract, the City agreed to sell the capacity and energy from its respective entitlement share of the project to certain purchasing systems. The purchasing systems agreed to purchase such capacity and energy and to provide back-up capacity and energy. The City remains obligated for payments pursuant to its Power Sales and Project Support Contracts. The City's pro rata share of the Agency's operating deficit for the year ended September 30, 2010, was not material in relation to the City's total electrical system expenditures.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 16 - COMMITMENTS AND CONTINGENCIES (continued)

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 17 - RISK MANAGEMENT

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

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

To satisfy GAAP/statutory accounting and regulatory reporting requirements, the pool (Public Risk Management of Florida) retained Merlinos & Associates, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2010 (the date of the latest claims liability evaluation). The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2010. When the aggregate excess insurance recoverable of \$10.9 million is included with the loss fund, the indicated funding adequacy translates to a claims fund surplus of \$26.5 million, including interest earned to date. This balance is on a net basis, after specific and aggregate excess insurance.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2010

NOTE 17 - RISK MANAGEMENT (continued)

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

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

NOTE 18 - OVER EXPENDITURES

At September 30, 2010, the following items within the governmental funds had expenditures exceeding their budgeted amounts:

<u>Expenditure Type</u>	<u>Over Expenditure</u>
General Fund	
Current	
General government	\$122,815
Physical environment	63,698

NOTE 19 - RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2010, the General Fund charged the Enterprise Funds \$169,825 and other governmental funds \$11,496 for administrative services. The Electric Fund charged the General Fund \$16,569 for customer billing and collection services related to the General Fund's solid waste and mosquito services. The Electric Fund charged the Water and Sewer Fund \$27,832 for customer billing related to water and sewer services.

NOTE 20 - SUBSEQUENT EVENTS

Subsequent to the fiscal year ended September 30, 2010, the City completed the North Side and South Side sewer collection system expansion projects at a total cost of \$2.8 million and \$522,000, respectively. During October, 2010 the North Side property owners were assessed \$1.1 million and the South Side property owners were assessed \$250,000.

The planning, engineering, and permitting phase for the Wastewater Treatment Plant Expansion Project was completed after September 30, 2010, at a cost of \$981,300. The commencement date of the project is dependent upon the availability of grant funding or the addition of a major customer.

Management has evaluated subsequent events through June 17, 2011, the date which the financial statements were available for issue.

CITY OF CLEWISTON, FLORIDA
Schedule of Funding Progress for
Defined Benefit Pension Plan
September 30, 2010

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll For Twelve Month Period Beginning With Actuarial Valuation Date</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
October 1, 2001	\$ 3,195,992	\$ 3,195,992	-	100.00%	\$ 2,099,000	0%
October 1, 2002	3,965,449	3,965,449	-	100.00%	2,098,835	0%
October 1, 2003	4,290,132	4,290,132	-	100.00%	2,296,637	0%
October 1, 2004	4,724,693	4,724,693	-	100.00%	2,249,616	0%
October 1, 2005	5,380,762	5,380,762	-	100.00%	2,344,950	0%
October 1, 2006	6,294,961	6,294,961	-	100.00%	2,153,634	0%
October 1, 2007	7,155,097	7,563,313	408,216	95.00%	2,392,475	17%
October 1, 2008	7,456,410	8,670,382	1,213,972	86.00%	2,538,659	48%
October 1, 2009	7,378,850	9,542,385	2,163,535	77.00%	2,627,530	82%
October 1, 2010	7,811,043	9,687,335	1,876,292	81.00%	2,539,065	74%

CITY OF CLEWISTON, FLORIDA
Schedule of Expenditures of Federal
Awards and State Financial Assistance
Year Ended September 30, 2010

Federal Agency / State Pass Through Entity / Federal Program	CFDA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
U.S. Department of Justice - Bureau of Justice Assistance					
(G) Bulletproof Vest Partnership Program	16.607	2004-BUBX04023923	\$ 5,200	\$ -	\$ -
(G) Bulletproof Vest Partnership Program	16.607	2007-BUBX07038579	\$ 1,575	736	-
(G) Bulletproof Vest Partnership Program	16.607	2009-BUBX09047257	\$ 556	-	-
Public Safety Partnership and Community Policing Grants					
(G) Cops Hiring Recovery Program	16.710	2009-RK-WX-0220	\$ 204,681	31,282	-
Edward Byrne Memorial Justice Assistance Grant Programs					
(G) Improving Covert Surveillance Capabilities	16.738	2009-DJ-BX-1281	\$ 25,616	20,822	-
(G) Improving In-Car Video and Audio Capabilities	16.804	2009-SB-B9-2578	\$ 30,438	30,435	-
U.S. Department of Justice - Bureau of Justice Assistance					
Passed Through State of Florida, Office of Criminal Justice Grants, Florida Department of Law Enforcement					
Edward Byrne Memorial Justice Assistance Grant Programs					
(G) Improving Crime Scene Response and Handling	16.738	2010-JAGC-HEND-1-4X-139	\$ 35,677	29,478	-
(G) Implementing a K9 Program to Increase Effectiveness, Quality, and Tactical Safety In Crime	16.803	2010-ARRC-HEND-3-W7-065	\$ 146,450	<u>129,640</u>	<u>-</u>
Total U.S. Department of Justice				<u>242,393</u>	<u>-</u>

CITY OF CLEWISTON, FLORIDA
Schedule of Expenditures of Federal
Awards and State Financial Assistance (continued)
Year Ended September 30, 2010

Federal Agency/State Pass Through Entity/ Federal Program	CFDA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
U.S. Department of Homeland Security					
Passed Through State of Florida, Florida Department of Community Affairs					
(G) Disaster Relief - 1609 Hurricane Wilma	97.036	06-WL-&K-09-36-00-818		<u>112,025</u>	-
Total U.S. Department of Homeland Security				<u>112,025</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
Passed Through State of Florida, Florida Department of Community Affairs					
Community Development Block Grant - State-Administered Small Cities Program					
(G) Economic Development - Park of Commerce	14.228	07-DB-3R-09-36-02-E11	\$ 700,000	<u>-</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development				<u>-</u>	<u>-</u>

CITY OF CLEWISTON, FLORIDA
Schedule of Expenditures of Federal
Awards and State Financial Assistance (continued)
Year Ended September 30, 2010

Federal Agency / State Pass Through Entity / Federal Program	CFDA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
National Endowment for the Arts					
Passed Through Arts Midwest					
(G) Promotion of the Arts Grants to Organizations and Individuals - The Big Read Grant	45.024	51903	\$ 7,500	7,500	-
Passed Through Florida Humanities Council					
(G) Promotion of the Humanities - Federal/State Partnership - Prime Time Family Reading Time Program					
Harlem Community Library	45.129	GR-0409-3496PT-2117	\$ 2,000	<u>2,000</u>	<u>-</u>
Total National Endowment for the Arts				<u>9,500</u>	<u>-</u>
U.S. Environmental Protection Agency					
Passed Through Florida Department of Environmental Protection					
(B) Capitalization Grants for Clean Water State Revolving Fund - Northside Sewer Project	66.458	WW260400	\$ 2,465,380	2,278,529	-
(B) Capitalization Grants for Clean Water State Revolving Fund - Northside Sewer Project	66.458	WW260401	\$ 333,553	<u>97,634</u>	-
Total U.S. Environmental Protection Agency				<u>2,376,163</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 2,740,081</u>	<u>\$ -</u>

CITY OF CLEWISTON, FLORIDA
 Schedule of Expenditures of Federal
 Awards and State Financial Assistance (continued)
 Year Ended September 30, 2010

State Agency /State Program	CSFA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Sub-recipients
Florida Department of State					
Division of Library and Information Services					
(G) State Aid to Libraries Grant	45.030	08-ST-21	\$ 276,368	\$ 107,007	\$ -
(G) State Aid to Libraries Grant	45.030	09-ST-20	\$ 191,038	151,118	65,619
(G) State Aid to Libraries Grant	45.030	10-ST-20	\$ 138,584	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ 258,125</u>	<u>\$ 65,619</u>

CITY OF CLEWISTON, FLORIDA
Notes to Schedule of Expenditures of Federal
Awards and State Financial Assistance
For the Year Ended September 30, 2010

NOTE A - REPORTING ENTITY

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance Projects includes all the activities of the City of Clewiston's primary government and its blended component unit. The City had no discretely presented component units. Federal award programs and state financial assistance projects recorded in the City's business-type activities are noted by (B). Those recorded in the governmental activities are noted by (G).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - STATE REVOLVING FUND LOANS

The City had the following loan balances outstanding at September 30, 2010. The loan balances are also included in the Federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding as of September 30, 2010</u>
State Revolving Fund	66.458	WW260400	\$683,103
State Revolving Fund	66.458	WW260401	\$97,634

NOTE D - SUBRECIPIENTS

The City of Clewiston provided state financial assistance to subrecipients as follows:

<u>Program Title</u>	<u>State CSFA Number</u>	<u>Amount Transferred to Subrecipient</u>
State Aid to Libraries Grant	45.030	
Harlem Public Library		\$ 31,181
Barron Public Library		<u>34,438</u>
		<u>\$ 65,619</u>

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REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Honorable Mayor and City Commissioners
City of Clewiston, Florida

Compliance

We have audited the City of Clewiston, Florida's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. The City of Clewiston, Florida's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City of Clewiston, Florida's management. Our responsibility is to express an opinion on the City of Clewiston, Florida's compliance based on our audit.

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 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Clewiston, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Clewiston, Florida's compliance with those requirements.

In our opinion, the City of Clewiston, Florida complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of the City of Clewiston, Florida is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Clewiston, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Clewiston, Florida's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

City of Clewiston, Florida's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Clewiston, Florida's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the City Commission of the City of Clewiston, Florida, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 17, 2011

CITY OF CLEWISTON, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Clewiston, Florida.
2. A significant deficiency was disclosed during the audit of the financial statements, as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The deficiency is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Clewiston, Florida were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs and state projects were disclosed during the audit, as reported in the Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major federal program was:

<u>Federal Program</u>	<u>CFDA Number</u>
U.S. Environmental Protection Agency	
Capitalization Grants for Clean Water State Revolving Fund	66.458

8. The threshold for distinguishing Type A and Type B projects was \$300,000.
9. The City of Clewiston, Florida was determined to be a high-risk auditee.

CITY OF CLEWISTON, FLORIDA
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

Prior Year Comment Which Continues to Apply

Finding 2009-1

Statement on Auditing Standards Number 115 requires the auditor to determine if the City of Clewiston, Florida is capable of preparing the enclosed financial statements and has the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements. We have determined that the City of Clewiston, Florida does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115.

The City agrees with the finding and will continue to work toward meeting the requirements.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AND STATE PROJECTS AUDIT

None.

D. OTHER ISSUES

None.

BOY, MILLER, KISKER & PERRY, P.A.
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MEMBERS
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FLORIDA INSTITUTE OF
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REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Commissioners
City of Clewiston, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Clewiston, Florida, as of and for the year ended September 30, 2010, which collectively comprise the City of Clewiston, Florida's basic financial statements and have issued our report thereon dated June 17, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Clewiston, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Clewiston, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Clewiston, Florida's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questions costs to be a material weakness. Finding 2009-1 regarding SAS 115 is presented in that schedule.

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. We did not report any findings that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted no matters that were required to be reported to management of the City of Clewiston, Florida in a separate letter dated June 17, 2011.

The City of Clewiston, Florida's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and in the accompanying auditee's response to auditors' report and management letter. We did not audit the City of Clewiston, Florida's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Commission of the City of Clewiston, Florida, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

June 17, 2011

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

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Clewiston, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Clewiston, Florida as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated June 17, 2011.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule (if any), which are dated June 17, 2011, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. As noted in the Schedule of Findings and Questioned Costs, the prior year comment still continues to apply.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Clewiston, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Clewiston was established by Laws of Florida, 1923, Chapter 9712, which was amended by Laws of Florida, 1925, Chapter 10434. Both of said acts were repealed by Laws of Florida 1925, Chapter 10433, Article IX, Paragraph 11. Said 1925, Chapter 10433, as amended, constitutes the present Charter of the City. There are no other entities that are considered to be component units requiring disclosure in the financial statements of the City of Clewiston, Florida.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Clewiston, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General requires that we determine whether the annual financial report for the City of Clewiston, Florida for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Clewiston, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the City Commission of the City of Clewiston, Florida, others within the entity, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

June 17, 2011

CITY OF CLEWISTON

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June 17, 2011

David W. Martin, CPA
Auditor General
State of Florida

Re: Auditee's response to auditors' reports and management letter - fiscal year 2009-2010

Dear Mr. Martin:

The Rules of the Auditor General require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited in the auditors' reports and management letter.

AUDITORS' COMMENT RELATED TO FINANCIAL STATEMENTS AUDIT INCLUDED IN SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Prior Year Comment Which Continues to Apply

Finding 2009-1

The City will continue to work toward meeting the requirements related to the Statement on Auditing Standards Number 115.

AUDITORS' FINDINGS AND COMMENTS RELATED TO FEDERAL AWARD PROGRAMS AND STATE PROJECTS AUDIT INCLUDED IN SCHEDULE OF FINDINGS AND QUESTIONED COSTS

None.

AUDITORS' COMMENTS AND RECOMMENDATIONS CONTAINED IN THE MANAGEMENT LETTER

None.

Sincerely,



Ted Byrd, CGFO
Finance Director