

CITY OF CLEWISTON, FLORIDA

Annual Financial Report

September 30, 2015

CITY OF CLEWISTON, FLORIDA
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BOY, MILLER, KISKER & PERRY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

401 SOUTH W.C. OWEN AVENUE
P.O. BOX 488
CLEWISTON, FLORIDA 33440

90 YEOMANS AVENUE
P.O. BOX 490
LABELLE, FLORIDA 33975

(863) 983-5144
(863) 983-9164
FAX (863) 983-3765
bmkpcpas@aol.com

INDEPENDENT AUDITOR'S REPORT

(863) 675-3777
FAX (863) 675-0576
bmkpcpas@aol.com

JOHN B. BOY, JR., C.P.A.
DAVID N. MILLER, C.P.A.
JOHN C. PERRY, C.P.A.
AMY L. SWINDLE, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and City Commissioners
City of Clewiston, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clewiston, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Clewiston, Florida's, basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clewiston, Florida, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the City of Clewiston adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2016, on our consideration of the City of Clewiston, Florida's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clewiston, Florida's, internal control over financial reporting and compliance.

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

Clewiston, Florida
June 17, 2016

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

Management's discussion and analysis presents a narrative overview and analysis of the City of Clewiston's (City) financial performance for the fiscal year ended September 30, 2015. It is designed to provide a broad overview and a short and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activities, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), clarify material deviations from the approved budget, and explain individual fund issues. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 13) and notes to the financial statements (pages 28-74).

HIGHLIGHTS

Financial Highlights for the Fiscal Year Ended September 30, 2015, and Subsequent Financial Information are shown below.

1. The City's overall net position decreased by \$1,440,379.
2. The total cost of all the City's programs was \$22,974,827 which was \$1,033,275 less than the prior year.
3. The City's governmental activities decreased net position by \$616,212 as a result of program and general revenues under expenses of \$2,037,062 plus internal transfers-in of \$1,420,850.
4. During the year, the City had expenses of \$8,005,892 for governmental activities, which was \$565,826 less than the prior year.
5. The City's business-type activities decreased net position by \$824,167 as a result of program and general revenues in excess of expenses of \$596,683 minus internal transfers-out of \$1,420,850.
6. During the fiscal year ended September 30, 2015, the Police Department utilized two (2) Justice Assistance Grants totaling \$26,149. These grants were used to update the department's mobile communication equipment to "UHF with P25 compatibility". This update helped to ensure more reliable and secure radio communications for emergency services.
7. The State Aid to Libraries Grant was increased from \$110,442 to \$162,229 for fiscal year 2015. The library system also received three additional grants totaling \$114,198. The Hendry County Board of County Commissioners' grant was discretionary funds in the amount of \$75,616 for the library system support. The Southwest Florida Community Foundation continued to fund the program called I-Help in the amount of \$37,582, which offered various tutoring programs at all three library branches. In conjunction with support from the Southwest Florida Library Network, this grant also allowed the library branches to expand their services by making it possible to offer patrons e-books. The Howard E. Hill Foundation grant of \$1,000 to the library was used for a summer reading program.
8. The Recreation Department received \$20,000 from the Howard E. Hill Foundation to enhance and encourage participation in recreation programs. This funding will be used in fiscal year 2016 and will play a vital role in allowing the Recreation Department to provide future enhanced recreational experiences, integrated into services and programs, which would otherwise not be possible.

9. Hendry County and the City entered into an agreement to provide recreational support for City facilities used by City and County citizens, in which the County will fund \$120,000. The agreement included an additional \$55,000 to be utilized by the City to provide recreational services for the East County Recreation District. This \$55,000 was used to provide staffing, supervision, and supplies at the Harlem Gym and James E. Mason Pool. As stipulated by the agreement, the \$55,000 for services provided was based on actual expenses. Any expense overage for providing these services would not be considered as a separate allotment, but would need to be paid from the \$120,000 provided to support City recreational facilities used by City and County citizens. This agreement was approved in September 2015, but was retroactive to October 1, 2014, and would automatically renew each October 1st, providing either party does not give written notice stating otherwise at least ninety days before the renewal date. In April 2016, the City formally notified Hendry County that it did not wish to automatically renew the recreation agreement in its present form. This was done with the intention to renegotiate the terms of the agreement with the Hendry County Commissioners and include the Hendry County School Board because the school system uses City facilities for a portion of their activities.
10. With the freezing of the City's defined benefit retirement plan on October 1, 2012, it has become necessary to plan for an annual contribution to fund the frozen plan, as well as to continue current defined contribution retirement plan contributions. In October 2014, the unfunded accrued liability of the frozen defined benefit retirement plan was approximately \$51,445, but due to lower than expected investment returns, the unfunded accrued liability has increased substantially as of October, 2015 (see note 15). The requested/recommended contribution for the fiscal year ended September 30, 2015, was \$75,515. Since the City had budgeted \$126,690 for this purpose, this amount was paid during the fiscal year ended September 30, 2015. The recommended contribution for the plan year beginning October 1, 2015, is \$122,907. This amount was reduced from the original recommended amount of \$200,076 by the plan administrator applying a "smoothing" method to the computation of the actuarial value of plan assets.
11. The City paid approximately \$2,100 to vendors in the form of utility customer rebates for energy efficiency improvements to their residences. These funds were reimbursed through the FMPA Conservation Program. During fiscal year 2016, it is the intention of the City to continue providing these rebates which will be reimbursed through the FMPA Conservation Program. It is also the intent of the City to utilize the conservation program funding to equip the City's Utilities Customer Service building with LED lighting as a pilot project for creating more energy efficient City facilities.
12. The City received grant funds through the Florida Fish and Wildlife Conservation Commission Florida Boating Improvement Program in the amount of \$75,500. This grant is for parking and drainage improvements to the boat basin area and will be completed during fiscal year 2016.
13. The City received a grant from the Florida Department of Transportation Small County Outreach Program in the amount of \$295,000 for a drainage project on West Pasadena Avenue which will be completed during fiscal year 2016.
14. The City has been selected to receive a low-interest loan for \$811,700 through the Florida Department of Environmental Protection State Revolving Fund for construction on a major sewer (main sewer lift station) rehabilitation project. The construction loan agreement was executed in December 2014. The project is scheduled to be started and completed in fiscal year 2016.
15. During fiscal year 2016, the City was awarded a state grant which will provide \$1.5 million for the construction of a new Police Department building. The project is in the initial phase with many details to be finalized. The Florida Department of Law Enforcement grant division will play a primary role in the management of the state financial assistance.
16. During fiscal year 2016, the City applied for and was approved for a State (FRDAP) grant for improvements to Trinidad Park. The City will use General Fund Voluntary Recreation Contribution Reserves for the City's required grant matching.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Governmental Activities

Most of the City's basic services are reported in the governmental activities including police, fire, animal control, streets and street lighting, library, parks and recreation, and general administrative. Property taxes, utility taxes, franchise fees, and intergovernmental revenues finance most of these activities.

Business-type Activities

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

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary (Trust) Fund - The City as a Trustee

The City is the trustee, or fiduciary, for the City Employees' Pension Trust Fund. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. We excluded these activities from the City's other financial statements because the City can only use these assets to provide pension benefits to participants in the pension plan.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-74.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, including a budgetary comparison schedule for the governmental funds, and detailed information concerning the City's obligation to provide pension benefits to its employees. The required supplementary information can be found on pages 75-87 of this report.

Additional supplemental schedules are included in this report on pages 88-94 to provide information about interlocal agreements, breakdown of revenue and expenses for the water and sewer systems, and federal and state financial assistance.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

During the fiscal year ended September 30, 2015, the City's combined net position decreased to \$34.59 million from \$36.03 million (as restated) at the beginning of the year, or \$1.44 million. The City's net position of the governmental activities decreased \$616,212. Net position of the business-type activities decreased \$824,167. The City's unrestricted net position for governmental activities (the part of net position that can be used to finance day-to-day operations) was a deficit of \$3.23 million as of September 30, 2015.

The condensed Statement of Net Position and Statement of Activities on the following pages provide a comprehensive analysis of the government-wide financial information for the fiscal years ended September 30, 2015, and September 30, 2014.

GOVERNMENT WIDE STATEMENTS

Statement of Net Position

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

Summary of Statement of Net Position as of September 30, 2015 and September 30, 2014 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Current and other assets	\$ 293	\$ 231	\$ 12,482	\$ 12,696	\$ 12,775	\$ 12,927
Capital assets	<u>8,836</u>	<u>9,270</u>	<u>32,926</u>	<u>33,890</u>	<u>41,762</u>	<u>43,160</u>
Total assets	<u>9,129</u>	<u>9,501</u>	<u>45,408</u>	<u>46,586</u>	<u>54,537</u>	<u>56,087</u>
Deferred outflows of resources	<u>858</u>	<u>105</u>	<u>371</u>	<u>-</u>	<u>1,229</u>	<u>105</u>
Total assets and deferred outflows of resources	<u>9,987</u>	<u>9,606</u>	<u>45,779</u>	<u>46,586</u>	<u>55,766</u>	<u>56,192</u>
Long-term liabilities	2,666	1,364	15,110	15,227	17,776	16,591
Other liabilities	<u>1,357</u>	<u>1,076</u>	<u>1,724</u>	<u>1,509</u>	<u>3,081</u>	<u>2,585</u>
Total liabilities	<u>4,023</u>	<u>2,440</u>	<u>16,834</u>	<u>16,736</u>	<u>20,857</u>	<u>19,176</u>
Deferred inflows of resources	<u>315</u>	<u>901</u>	<u>-</u>	<u>81</u>	<u>315</u>	<u>982</u>
Total liabilities and deferred inflows of resources	<u>4,338</u>	<u>3,341</u>	<u>16,834</u>	<u>16,817</u>	<u>21,172</u>	<u>20,158</u>
Net position:						
Invested in capital assets, net of related debt	8,836	9,270	17,994	18,502	26,830	27,772
Restricted	39	59	3,711	3,648	3,750	3,707
Unrestricted	<u>(3,226)</u>	<u>(3,064)</u>	<u>7,240</u>	<u>7,619</u>	<u>4,014</u>	<u>4,555</u>
Total net position	<u>\$ 5,649</u>	<u>\$ 6,265</u>	<u>\$ 28,945</u>	<u>\$ 29,769</u>	<u>\$ 34,594</u>	<u>\$ 36,034</u>

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

Statement of Activities

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

Summary of Statement of Activities for the Fiscal Years Ended September 30, 2015 and September 30, 2014 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 2,214	\$ 2,128	\$ 15,490	\$ 16,245	\$ 17,704	\$ 18,373
Operating grants and contributions	436	391	-	-	436	391
Capital grants and contributions	64	442	23	29	87	471
General revenues						
Property taxes	1,223	1,191	-	-	1,223	1,191
Other taxes	1,278	1,270	-	-	1,278	1,270
Intergovernmental	537	509	-	-	537	509
Other	217	87	53	61	270	148
Transfers - internal	<u>1,421</u>	<u>1,456</u>	<u>(1,421)</u>	<u>(1,456)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,390</u>	<u>7,474</u>	<u>14,145</u>	<u>14,879</u>	<u>21,535</u>	<u>22,353</u>
Expenses						
General government	1,446	1,705	-	-	1,446	1,705
Public safety	2,516	2,601	-	-	2,516	2,601
Physical environment	357	339	-	-	357	339
Public works	800	842	14,969	15,436	15,769	16,278
Culture and recreation	2,388	2,319	-	-	2,388	2,319
Economic environment	368	630	-	-	368	630
Human services	<u>131</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>136</u>
Total expenses	<u>8,006</u>	<u>8,572</u>	<u>14,969</u>	<u>15,436</u>	<u>22,975</u>	<u>24,008</u>
Changes in net position	<u>\$ (616)</u>	<u>\$ (1,098)</u>	<u>\$ (824)</u>	<u>\$ (557)</u>	<u>\$ (1,440)</u>	<u>\$ (1,655)</u>
Ending net position (2014, as restated)	<u>\$ 5,649</u>	<u>\$ 6,265</u>	<u>\$ 28,945</u>	<u>\$ 29,769</u>	<u>\$ 34,594</u>	<u>\$ 36,034</u>

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

Governmental Activities

The decrease in net position of governmental activities for the fiscal year ended September 30, 2015, was \$616,212 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 \$601,354 for the fiscal year ended September 30, 2015.

Business-type Activities

The decrease in net position of business-type activities for the fiscal year ended September 30, 2015, was \$824,167 which was a result of business-type activities charges for services, capital contributions, and other income under the total of expenses and internal transfers-out. Depreciation on business-type activities capital assets was \$1,341,726.

THE CITY'S FUNDS

Governmental Type Funds

As of September 30, 2015, the governmental funds (as presented on page 16) reported a deficit fund balance of \$.55 million which is \$.23 million more than at the beginning of the year (\$.32 million deficit fund balance). The governmental funds experienced a net decrease in their combined fund balances of \$230,596 due to revenues and transfers-in which were under expenditures during the fiscal year ended September 30, 2015, using the modified accrual basis of accounting. The adjustment to reconcile the \$230,596 decrease in the fund balance of the governmental funds to the \$616,212 decrease in net position of governmental activities is shown on page 20.

Business-type Funds

As of year-end, the business-type funds (Electric Fund, Water and Sewer Fund, and Solid Waste Fund) reported a combined net position of \$28.94 million which is 2.79% less than at the beginning of the year (\$29.77 million, as restated).

The business-type funds decrease in net position resulted primarily from operating income in the amount of \$1,143,614 less interest expense of \$623,071 and less operating transfers-out in the amount of \$1,420,850.

Governmental Funds Budgetary Highlights

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

The Governmental Fund's actual revenues were \$31,031 greater than budgeted.

The Governmental Fund's actual expenditures were \$76,551 less than budgeted. Areas where the actual expenditures were less than budgeted included general government, transportation, culture and recreation, and human services.

The budgetary comparison schedule and notes for the governmental funds is shown on pages 75-79.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$81,451,005 (before depreciation) invested in a broad range of capital assets, including land and buildings, police, fire, and public works equipment, library, parks, and recreational facilities, solid waste collection equipment, and electric, water, and sewer utility systems. This amount represents a net increase (including additions and deletions) of \$465,436. See Note 7 in the notes to the financial statements for detailed changes in capital assets.

The City budgeted an additional \$1.36 million in capital expenditures for the fiscal year ended September 30, 2016, which consisted of \$.21 million in capital expenditures in the governmental funds and \$1.15 million in capital expenditures in the business-type funds.

Debt

At September 30, 2015, the City had \$18,088,533 in notes, repayment agreement, and bonds payable to outside creditors and net pension liability outstanding versus \$16,833,279 at September 30, 2014, (as restated for net pension liability) - an increase of 7.46% - as shown in the schedule below.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Notes payable	\$ -	\$ -	\$ 1,686,913	\$ 1,933,249	\$ 1,686,913	\$ 1,933,249
FDEO repay. agreement	324,941	-	-	-	324,941	-
Revenue bonds payable (secured by water and sewer net revenue)	-	-	13,245,000	13,454,000	13,245,000	13,454,000
Net pension liability	<u>2,188,837</u>	<u>1,150,699</u>	<u>642,842</u>	<u>295,331</u>	<u>2,831,679</u>	<u>1,446,030</u>
Totals	<u>\$ 2,513,778</u>	<u>\$ 1,150,699</u>	<u>\$ 15,574,755</u>	<u>\$ 15,682,580</u>	<u>\$ 18,088,533</u>	<u>\$ 16,833,279</u>

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

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

See Note 9 beginning on page 47 for more information about the City's debt, such as interest rates and amortization of debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City Commission considered many factors while determining the fiscal year 2016 budget, setting the new millage rate, and analyzing the fees which will be charged by the business-type activities. One of those factors was the economy.

Clewiston's local economy consists largely of agribusiness, retail, and service industries. Some of the largest business entities in the Clewiston area include sugar and citrus growers, general merchandise, and grocery retail establishments. The City's unemployment rate in April, 2016, was approximately 7% on an annual basis which was lower than previous years. The City of Clewiston's population has increased from 6,085 in April, 1990, to a current population of approximately 7,400 people.

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

The City budgeted government-wide revenues of \$24.44 million, including grant revenues of \$.19 million, and government-wide expenditures of \$24.39 million, including \$1.36 million in capital expenditures, for the fiscal year ended September 30, 2016. If the budgeted revenues and expenditures are realized, the City's financial reserves will remain approximately the same during fiscal year 2016. The millage rate for the fiscal year ended September 30, 2016, was set at 6.0314 mills. This millage rate is approximately 1% less than the millage rate used in the previous fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF CLEWISTON, FLORIDA
Government-wide Statement of Net Position
September 30, 2015

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash	\$ 2,075	\$ 600	\$ 2,675
Investments	1,538,298	1,746,403	3,284,701
Receivables, net			
Accounts	217,352	2,219,498	2,436,850
Assessments	61,160	976,179	1,037,339
Taxes	2,096	-	2,096
Interest	-	34,776	34,776
Inventory	103,758	522,741	626,499
Due from other governments	514,875	-	514,875
Internal balances	(2,508,634)	2,508,634	-
Note receivable	361,980	-	361,980
Restricted assets			
Investments	-	4,047,925	4,047,925
Accounts receivable - FMPA	-	425,207	425,207
Capital assets			
Land	2,457,334	670,142	3,127,476
Depreciable capital assets, net	6,308,215	31,138,116	37,446,331
Construction in progress	70,964	1,117,416	1,188,380
Total assets	9,129,473	45,407,637	54,537,110
Deferred outflows of resources			
Deferred outflows related to pension plans	857,696	371,022	1,228,718
Total assets and deferred outflows of resources	9,987,169	45,778,659	55,765,828
Liabilities			
Accounts payable	721,563	877,382	1,598,945
Accrued liabilities	24,380	101,969	126,349
Unearned revenue	96,825	-	96,825
Payable from restricted assets			
Accrued interest	-	55,349	55,349
Deposits	-	706,338	706,338
Current portion of notes payable and repayment agreement	32,494	247,034	279,528
Current portion of revenue bonds payable	-	218,000	218,000
Noncurrent liabilities			
Due in more than one year	2,666,278	15,109,721	17,775,999
Advance from other fund	481,854	(481,854)	-
Total liabilities	4,023,394	16,833,939	20,857,333
Deferred inflows of resources			
Deferred inflows related to pension plans	314,504	-	314,504
Total liabilities and deferred inflows of resources	4,337,898	16,833,939	21,171,837
Net position			
Invested in capital assets, net of related debt	8,836,513	17,993,761	26,830,274
Restricted for			
Community redevelopment	38,508	-	38,508
Construction and debt retirement	-	3,286,238	3,286,238
Working capital - FMPA	-	425,207	425,207
Unrestricted	(3,225,750)	7,239,514	4,013,764
Total net position	\$ 5,649,271	\$ 28,944,720	\$ 34,593,991

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Government-wide Statement of Activities
Year Ended September 30, 2015

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	\$ 1,445,987	\$ 203,053	\$ -	\$ -	\$ (1,242,934)
Public safety					
Police	1,797,529	86,961	9,909	22,025	(1,678,634)
Fire	518,560	326,452	-	-	(192,108)
Protective inspections	200,057	93,348	-	-	(106,709)
Total public safety	2,516,146	506,761	9,909	22,025	(1,977,451)
Physical environment	357,320	266,773	-	-	(90,547)
Transportation					
Streets and lighting	800,363	393,826	10,487	-	(396,050)
Culture and recreation					
Library	538,059	12,252	277,477	1,972	(246,358)
Parks and recreation	1,849,550	740,098	137,806	39,893	(931,753)
Total culture and recreation	2,387,609	752,350	415,283	41,865	(1,178,111)
Economic environment					
Housing and urban development	20,420	-	-	-	(20,420)
Industry development	347,089	-	-	-	(347,089)
Total economic environment	367,509	-	-	-	(367,509)
Human services					
Animal control	130,958	91,306	-	-	(39,652)
Total governmental activities	8,005,892	2,214,069	435,679	63,890	(5,292,254)
Business-type activities					
Electric	10,113,630	10,885,957	-	-	772,327
Water and sewer	3,774,585	3,430,243	-	23,466	(320,876)
Solid waste	1,080,720	1,173,278	-	-	92,558
Total business-type activities	14,968,935	15,489,478	-	23,466	544,009
Total	\$ 22,974,827	\$ 17,703,547	\$ 435,679	\$ 87,356	\$ (4,748,245)

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Government-wide Statement of Activities (continued)
September 30, 2015

	Governmental Activities	Business-type Activities	Totals
Net (expense) revenue from previous page	<u>\$ (5,292,254)</u>	<u>\$ 544,009</u>	<u>\$ (4,748,245)</u>
General revenues			
Taxes	2,500,984	-	2,500,984
Intergovernmental	537,486	-	537,486
Investment income	23,393	20,317	43,710
Miscellaneous	193,329	32,357	225,686
Transfers - internal	<u>1,420,850</u>	<u>(1,420,850)</u>	<u>-</u>
Total general revenues and transfers	<u>4,676,042</u>	<u>(1,368,176)</u>	<u>3,307,866</u>
Changes in net position	(616,212)	(824,167)	(1,440,379)
Net position, as restated - October 1, 2014 (see Note 10)	<u>6,265,483</u>	<u>29,768,887</u>	<u>36,034,370</u>
Net position - September 30, 2015	<u>\$ 5,649,271</u>	<u>\$ 28,944,720</u>	<u>\$ 34,593,991</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2015

	<u>General Fund</u>	<u>Clewiston Redevelopment Agency Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 2,075	\$ -	\$ -	\$ 2,075
Investments	1,468,557	38,743	30,998	1,538,298
Receivables				
Accounts	217,352	-	-	217,352
Special assessments	61,160	-	-	61,160
Inventory	103,758	-	-	103,758
Due from other funds	8,419	-	236	8,655
Due from other governments	514,875	-	-	514,875
Note receivable	<u>361,980</u>	<u>-</u>	<u>-</u>	<u>361,980</u>
Total assets	<u>\$2,738,176</u>	<u>\$ 38,743</u>	<u>\$ 31,234</u>	<u>\$ 2,808,153</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 698,513	\$ -	\$ 23,050	\$ 721,563
Accrued liabilities	24,380	-	-	24,380
Due to other funds	2,508,870	235	8,184	2,517,289
Unearned revenue	<u>96,825</u>	<u>-</u>	<u>-</u>	<u>96,825</u>
Total liabilities	<u>3,328,588</u>	<u>235</u>	<u>31,234</u>	<u>3,360,057</u>
Fund balances				
Nonspendable	465,738	-	-	465,738
Restricted	-	38,508	-	38,508
Unassigned	<u>(1,056,150)</u>	<u>-</u>	<u>-</u>	<u>(1,056,150)</u>
Total fund balances	<u>(590,412)</u>	<u>38,508</u>	<u>-</u>	<u>(551,904)</u>
Total liabilities and fund balances	<u>\$2,738,176</u>	<u>\$ 38,743</u>	<u>\$ 31,234</u>	<u>\$ 2,808,153</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2015

Total fund balances, governmental funds	\$ (551,904)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,836,513
Certain other assets are not available to pay for current-period expenditures.	2,096
Deferred outflows/inflows of resources related to pension plans are not reported in the funds.	543,192
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,180,626)</u>
Net position of governmental activities	<u>\$ 5,649,271</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, 2015

	General Fund	Clewiston Redevelopment Agency Fund	Other Governmental Fund	Total Governmental Funds
Revenues				
Taxes	\$ 2,845,859	\$ -	\$ -	\$ 2,845,859
Licenses and permits	88,391	-	-	88,391
Intergovernmental revenue	865,120	-	165,151	1,030,271
Charges for services	1,598,097	-	-	1,598,097
Fines and forfeitures	90,021	-	-	90,021
Miscellaneous revenues	<u>211,498</u>	<u>101</u>	<u>87</u>	<u>211,686</u>
Total revenues	<u>5,698,986</u>	<u>101</u>	<u>165,238</u>	<u>5,864,325</u>
Expenditures				
Current				
General government	<u>1,504,511</u>	<u>-</u>	<u>-</u>	<u>1,504,511</u>
Public safety				
Police	1,871,960	-	-	1,871,960
Fire	421,702	-	-	421,702
Protective inspections	<u>197,661</u>	<u>-</u>	<u>-</u>	<u>197,661</u>
Total public safety	<u>2,491,323</u>	<u>-</u>	<u>-</u>	<u>2,491,323</u>
Transportation				
Streets and lighting	<u>669,887</u>	<u>-</u>	<u>-</u>	<u>669,887</u>
Culture and recreation				
Library	366,792	-	165,238	532,030
Parks and recreation	<u>1,772,159</u>	<u>-</u>	<u>-</u>	<u>1,772,159</u>
Total culture and recreation	<u>2,138,951</u>	<u>-</u>	<u>165,238</u>	<u>2,304,189</u>
Physical environment	<u>357,320</u>	<u>-</u>	<u>-</u>	<u>357,320</u>
Economic environment				
Housing and urban development	<u>-</u>	<u>20,420</u>	<u>-</u>	<u>20,420</u>
Total economic environment	<u>-</u>	<u>20,420</u>	<u>-</u>	<u>20,420</u>
Human services				
Animal control	<u>124,079</u>	<u>-</u>	<u>-</u>	<u>124,079</u>
Debt service				
Principal retirement - fire	29,700	-	-	29,700
Principal retirement - industry development	<u>14,342</u>	<u>-</u>	<u>-</u>	<u>14,342</u>
Total debt service	<u>44,042</u>	<u>-</u>	<u>-</u>	<u>44,042</u>
Total expenditures	<u>7,330,113</u>	<u>20,420</u>	<u>165,238</u>	<u>7,515,771</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, 2015

	<u>General Fund</u>	<u>Clewiston Redevelopment Agency Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Excess of revenues under expenditures	<u>(1,631,127)</u>	<u>(20,319)</u>	<u>-</u>	<u>(1,651,446)</u>
Other financing sources (uses)				
Operating transfers-in	<u>1,420,850</u>	<u>-</u>	<u>-</u>	<u>1,420,850</u>
Total other financing sources (uses)	<u>1,420,850</u>	<u>-</u>	<u>-</u>	<u>1,420,850</u>
Net changes in fund balances	(210,277)	(20,319)	-	(230,596)
Fund balances - October 1, 2014	<u>(380,135)</u>	<u>58,827</u>	<u>-</u>	<u>(321,308)</u>
Fund balances - September 30, 2015	<u>\$ (590,412)</u>	<u>\$ 38,508</u>	<u>\$ -</u>	<u>\$ (551,904)</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, 2015

Net change in fund balances - total governmental funds	\$ (230,596)
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.	(433,300)
The net effect of various transactions involving available financial resources	71,743
Net change in pension related outflows/inflows of resources and net pension liability	300,882
Current recognition of effect of Florida Department of Economic Opportunity repayment agreement in the Statement of Activities	<u>(324,941)</u>
Changes in net position of governmental activities	<u>\$ (616,212)</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Assets				
Current Assets				
Cash	\$ 600	\$ -	\$ -	\$ 600
Investments	179,920	1,455,384	111,099	1,746,403
Receivables, net				
Accounts	1,385,531	632,011	201,956	2,219,498
Assessments	-	976,179	-	976,179
Due from other funds	2,846,380	176,646	228,218	3,251,244
Accrued interest	-	34,776	-	34,776
Inventory, at cost	389,274	133,467	-	522,741
Advance to other fund	-	481,854	-	481,854
Total current assets	<u>4,801,705</u>	<u>3,890,317</u>	<u>541,273</u>	<u>9,233,295</u>
Restricted assets				
Investments	950,763	3,097,162	-	4,047,925
Accounts receivable - FMPA	425,207	-	-	425,207
Total restricted assets	<u>1,375,970</u>	<u>3,097,162</u>	<u>-</u>	<u>4,473,132</u>
Capital assets				
Land	27,667	642,475	-	670,142
Depreciable capital assets, net	5,966,783	24,665,701	505,632	31,138,116
Construction in progress	-	1,117,416	-	1,117,416
Total capital assets, net	<u>5,994,450</u>	<u>26,425,592</u>	<u>505,632</u>	<u>32,925,674</u>
Total assets	<u>12,172,125</u>	<u>33,413,071</u>	<u>1,046,905</u>	<u>46,632,101</u>
Deferred outflows of resources				
Deferred outflows related to pension plans	226,736	92,755	51,531	371,022
Total assets and deferred outflows of resources (carried forward)	<u>12,398,861</u>	<u>33,505,826</u>	<u>1,098,436</u>	<u>47,003,123</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Net Position (continued)
Proprietary Funds
September 30, 2015

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Total assets and deferred outflows of resources (brought forward)	<u>12,398,861</u>	<u>33,505,826</u>	<u>1,098,436</u>	<u>47,003,123</u>
Liabilities				
Current liabilities				
Accounts payable	704,086	136,807	36,489	877,382
Accrued liabilities	75,339	17,187	9,443	101,969
Due to other funds	<u>12,548</u>	<u>730,062</u>	<u>-</u>	<u>742,610</u>
Total current liabilities	<u>791,973</u>	<u>884,056</u>	<u>45,932</u>	<u>1,721,961</u>
Current liabilities payable from restricted assets				
Accrued interest	6,356	48,993	-	55,349
Deposits	706,338	-	-	706,338
Current portion of notes payable	157,111	89,923	-	247,034
Current portion of revenue bonds payable	<u>-</u>	<u>218,000</u>	<u>-</u>	<u>218,000</u>
Total current liabilities payable from restricted assets	<u>869,805</u>	<u>356,916</u>	<u>-</u>	<u>1,226,721</u>
Noncurrent liabilities	<u>864,181</u>	<u>14,156,256</u>	<u>89,284</u>	<u>15,109,721</u>
Total liabilities	<u>2,525,959</u>	<u>15,397,228</u>	<u>135,216</u>	<u>18,058,403</u>
Net position				
Invested in capital assets, net of related debt	5,366,005	12,122,124	505,632	17,993,761
Restricted for				
Construction and retirement of debt	238,069	3,048,169	-	3,286,238
Working capital - FMPA	425,207	-	-	425,207
Unrestricted	<u>3,843,621</u>	<u>2,938,305</u>	<u>457,588</u>	<u>7,239,514</u>
Total net position	<u>\$ 9,872,902</u>	<u>\$ 18,108,598</u>	<u>\$ 963,220</u>	<u>\$ 28,944,720</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Operating revenues				
Charges for services	\$ 10,885,957	\$ 3,430,243	\$ 1,173,278	\$ 15,489,478
Operating expenses				
Electricity purchased	7,847,908	-	-	7,847,908
Personal services	963,727	613,586	319,877	1,897,190
Contractual services	226,194	931,080	360,706	1,517,980
Supplies	134,157	126,588	88,571	349,316
Utilities	47,032	452,327	-	499,359
Insurance	52,991	37,903	88,855	179,749
Repairs and maintenance	251,116	221,462	125,069	597,647
Depreciation	437,508	807,338	96,880	1,341,726
Miscellaneous	57,304	6,859	709	64,872
Bad debts	50,064	-	53	50,117
Total operating expenses	<u>10,068,001</u>	<u>3,197,143</u>	<u>1,080,720</u>	<u>14,345,864</u>
Operating income	<u>817,956</u>	<u>233,100</u>	<u>92,558</u>	<u>1,143,614</u>
Nonoperating revenues (expenses)				
Interest	282	18,889	1,146	20,317
Miscellaneous	24,767	7,590	-	32,357
Interest and fiscal charges	<u>(45,629)</u>	<u>(577,442)</u>	<u>-</u>	<u>(623,071)</u>
Total nonoperating revenues (expenses)	<u>(20,580)</u>	<u>(550,963)</u>	<u>1,146</u>	<u>(570,397)</u>
Income (loss) before contributions and transfers	<u>797,376</u>	<u>(317,863)</u>	<u>93,704</u>	<u>573,217</u>
Capital contributions	-	23,466	-	23,466
Operating transfers-out	<u>(906,253)</u>	<u>(394,216)</u>	<u>(120,381)</u>	<u>(1,420,850)</u>
Changes in net position	(108,877)	(688,613)	(26,677)	(824,167)
Net position, as restated -				
October 1, 2014 (see Note 10)	<u>9,981,779</u>	<u>18,797,211</u>	<u>989,897</u>	<u>29,768,887</u>
Net position - September 30, 2015	<u>\$ 9,872,902</u>	<u>\$ 18,108,598</u>	<u>\$ 963,220</u>	<u>\$ 28,944,720</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 11,180,899	\$ 3,475,326	\$ 1,172,398	\$ 15,828,623
Cash payments for goods and services	(8,496,905)	(1,704,100)	(662,267)	(10,863,272)
Cash payments to employees for services and related payroll costs	<u>(1,054,062)</u>	<u>(656,280)</u>	<u>(343,293)</u>	<u>(2,053,635)</u>
Net cash provided by operating activities	<u>1,629,932</u>	<u>1,114,946</u>	<u>166,838</u>	<u>2,911,716</u>
Cash flows from noncapital financing activities:				
Miscellaneous receipts	24,767	7,590	-	32,357
Deposits received from customers less deposits returned to customers	58,692	-	-	58,692
Loans and payments from other funds	12,332	522,206	-	534,538
Loans and payments to other funds	(508,574)	(135,530)	(21,192)	(665,296)
Loan payments from General Fund	-	44,042	-	44,042
Cash operating transfers-out to other funds	(906,253)	(394,216)	(120,381)	(1,420,850)
Interest paid on customer deposits	<u>(17,349)</u>	<u>-</u>	<u>-</u>	<u>(17,349)</u>
Net cash provided by (used for) noncapital financing activities	<u>(1,336,385)</u>	<u>44,092</u>	<u>(141,573)</u>	<u>(1,433,866)</u>
Cash flows from capital and related financing activities:				
Sewer assessments received	-	76,306	-	76,306
Capital contributed by customers, developers, and CRA	-	23,466	-	23,466
Acquisition and construction of capital assets	(66,487)	(17,038)	(294,264)	(377,789)
Principal paid on notes payable - State RF and bank	(157,111)	(89,225)	-	(246,336)
Interest paid on notes payable - State RF and bank	(28,871)	(23,469)	-	(52,340)
Principal paid on revenue bonds payable	-	(209,000)	-	(209,000)
Interest paid on revenue bonds payable	<u>-</u>	<u>(554,978)</u>	<u>-</u>	<u>(554,978)</u>
Net cash used for capital and related financing activities	<u>(252,469)</u>	<u>(793,938)</u>	<u>(294,264)</u>	<u>(1,340,671)</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds			Totals
	Electric Fund	Water/Sewer Fund	Solid Waste Fund	
Cash flows from investing activities:				
Interest received on investments	282	17,119	1,146	18,547
Net cash provided by investing activities	<u>282</u>	<u>17,119</u>	<u>1,146</u>	<u>18,547</u>
Net increase (decrease) in cash and cash equivalents	41,360	382,219	(267,853)	155,726
Cash and cash equivalents at beginning of year	<u>1,089,923</u>	<u>4,170,327</u>	<u>378,952</u>	<u>5,639,202</u>
Cash and cash equivalents at end of year	<u>\$ 1,131,283</u>	<u>\$ 4,552,546</u>	<u>\$ 111,099</u>	<u>\$ 5,794,928</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	<u>\$ 817,956</u>	<u>\$ 233,100</u>	<u>\$ 92,558</u>	<u>\$ 1,143,614</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	437,508	807,338	96,880	1,341,726
Provision for uncollectible accounts	50,064	-	53	50,117
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	294,942	45,083	(880)	339,145
Decrease in inventory	7,670	29,595	-	37,265
Increase in accounts payable	112,127	42,524	1,643	156,294
Decrease in accrued liabilities	(26,313)	(16,504)	(8,866)	(51,683)
Decrease in pension related liability and outflows of resources	<u>(64,022)</u>	<u>(26,190)</u>	<u>(14,550)</u>	<u>(104,762)</u>
Total adjustments	<u>811,976</u>	<u>881,846</u>	<u>74,280</u>	<u>1,768,102</u>
Net cash provided by operating activities (see previous page)	<u>\$ 1,629,932</u>	<u>\$ 1,114,946</u>	<u>\$ 166,838</u>	<u>\$ 2,911,716</u>
Reconciliation of cash and cash equivalents to Statement of Net Position				
Cash and cash equivalents - unrestricted	\$ 180,520	\$ 1,455,384	\$ 111,099	\$ 1,747,003
Cash and cash equivalents - restricted	<u>950,763</u>	<u>3,097,162</u>	<u>-</u>	<u>4,047,925</u>
Total cash and cash equivalents	<u>\$ 1,131,283</u>	<u>\$ 4,552,546</u>	<u>\$ 111,099</u>	<u>\$ 5,794,928</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2015

	<u>Pension Trust Fund</u>
Assets	
Investments	\$ 10,096,715
Receivables, net	<u>100,516</u>
Total assets	<u>10,197,231</u>
Net position	
Held in trust for pension benefits	<u>10,197,231</u>
Total net position	<u>\$ 10,197,231</u>

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended September 30, 2015

	Pension Trust Fund
Additions	
Contributions - employer	\$ 126,960
Net investment earnings (losses)	(19,352)
Total additions	107,608
Deductions	
Pension benefits	438,937
Administrative costs	8,373
Total deductions	447,310
Increase in net position	(339,702)
Net position - October 1, 2014	10,536,933
Net position - September 30, 2015	\$ 10,197,231

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

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

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

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

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

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

Blended Component Unit

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

Basic Financial Statements - Government-wide Statements

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-wide Statements

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

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

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

Basic Financial Statements - Fund Financial Statements

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

The following fund types are used by the City:

Governmental Funds

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

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

Special Revenue Funds are used to account for the proceeds of a specific revenue source which is legally restricted to expenditures for a specific purpose. The Clewiston Redevelopment Agency Fund is a special revenue fund used to account for and report financial resources that are related to the Clewiston Redevelopment Agency. The State Library Grant Fund is shown separately in the column "Other Governmental Fund" in the governmental funds financial statements.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

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

The City reports the following major governmental funds:

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

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

Proprietary Funds

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

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

Fiduciary Funds

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

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

Basis of Accounting

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

Accrual

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

Modified Accrual

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

Deposits and Investments

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Florida PRIME meets the requirements of and is classified as a "2a-7 like" pool. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, Florida PRIME has adopted operating procedures consistent with the requirement for a "2a-7 like" pool and the fair value of the position in the pool is equal to the value of the pool's shares. Such investments are stated at amortized cost in the accompanying financial statements. Florida PRIME is rated by Standard and Poors and is currently rated AAAM. The dollar weighted average maturity (DWAM) at June 30, 2015, is 34 days. Next interest rate reset dates are used in the calculation of the DWAM.

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

Receivables

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditures) until then. The significant components of the deferred outflows of resources shown in the statement of net position for the year ended September 30, 2015, are as follows.

Florida Retirement System Pension Plan	\$ 171,301
Florida Retirement System Retiree Health Insurance Subsidy Program	26,800
Frozen Defined Benefit Retirement Plan	<u>1,030,617</u>
Total deferred outflows of resources related to pension plans	<u>\$ 1,228,718</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The significant components of the deferred inflows of resources shown in the statement of net position for the year ended September 30, 2015, are as follows.

Florida Retirement System Pension Plan	\$ 305,163
Florida Retirement System Retiree Health Insurance Subsidy Program	<u>9,341</u>
Total deferred inflows of resources related to pension plans	<u>\$ 314,504</u>

See Note 14 (pages 59 and 63) and Note 15 (page 70) for additional information concerning the breakdown of deferred outflows/inflows of resources for the year ended September 30, 2015.

Net Position and Fund Balances

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

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

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

Expenditures

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

Compensated Absences

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

Interfund Activity

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

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

Proprietary Fund

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization Policy

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

Use of Estimates

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

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

The City implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2015.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27*. GASB 68 improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The implementation of this statement resulted in a restatement of beginning net position, as well as related deferred outflows of resources and deferred inflows of resources due to recording the City's net pension liability on the statement of net position. See Note 10 on page 53.

In November 2013, the GASB issued Statement No. 71, *Pension Transition Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68*. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize the beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

See Note 10 on page 53 for more information about the restatement of beginning net position due to implementation of new GASB statements related to accounting and financial reporting for pensions.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

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

Date of Management's Review

Management has evaluated subsequent events through June 17, 2016, the date on which the financial statements were available to be issued.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS

Cash

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

Deposits

At September 30, 2015, the carrying amount of the City's interest-bearing checking accounts was \$5,453,270 and the banks' balances were \$5,547,855. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Deposits (continued)

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

Investments

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

During the year, investments consisted of interest-bearing bank accounts, Florida PRIME, and an investment in a single employer defined benefit pension plan. At September 30, 2015, the City had the following investments:

Interest-bearing bank accounts	\$ 5,453,270
Florida PRIME	1,879,356
Investment in single employer defined benefit pension plan	<u>10,096,715</u>
	<u>\$17,429,341</u>

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

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

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

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to applicable Florida law. The Trustees appoint an Investment Advisory Council and a Participant Local Government Advisory Council. Both Councils will, at least

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Investments (continued)

annually, review this policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in applicable Florida law.

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

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

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

Investment Policies

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

Credit Quality Disclosure

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

Interest Rate Risk Disclosure

The dollar weighted average maturity (DWAM) of Florida PRIME at June 30, 2015, is 34 days. This DWAM was calculated by the investment manager and includes all holdings except for the \$320 million time deposit holding. If the time deposit had been included, the total portfolio DWAM would have been 32 days. Next interest rate reset dates for floating rate securities are used in the calculation of the DWAM.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Investments (continued)

Foreign Currency Risk Disclosure

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2014, through September 30, 2015.

Securities Lending Disclosure

Since the City owns shares of Florida PRIME and not the underlying securities, it is the City's interpretation that they do not need to make a disclosure related to GASB 28. Florida PRIME did not participate in a securities lending program in the period October 1, 2014 through September 30, 2015.

The City sponsors a single employer defined benefit pension plan. Securian Retirement Services had responsibility for all administrative, actuarial, and investment management responsibilities of the City's defined benefit pension plan as of September 30, 2015. At September 30, 2015, the City's pension plan had the following investments:

Large Cap U.S. Equity Mutual Funds	\$ 3,842,256
Small/Mid Cap U.S. Equity Mutual Funds	1,184,145
International Equity Mutual Funds	1,059,641
Fixed Income Mutual Funds	<u>4,010,673</u>
	<u>\$10,096,715</u>

The concentration of credit risk and foreign currency risk are addressed by having a diversified group of pooled funds with only 10.49% invested in international equity mutual funds.

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

NOTE 3 - PROPERTY TAXES

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. There are some limitations as to the amount of the annual increase in tax levy; however, these limitations can be overridden by a majority vote of the City Commission. The tax levy rate for general government services for the year ended September 30, 2015, was \$6.1957 per \$1,000 and was adopted by resolution on September 22, 2014.

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 4 - INTERNAL BALANCES AND TRANSFERS - INTERNAL

Internal balances (receivables and payables) between the governmental activities and business-type activities as of September 30, 2015, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities		
General Fund	\$ 8,419	\$ 2,508,870
Clewiston Redevelopment Agency Fund	-	235
State Library Grant Fund	236	8,184
Business-type Activities		
Electric Fund	2,846,380	12,548
Water and Sewer Fund	176,646	730,062
Solid Waste Fund	<u>228,218</u>	<u>-</u>
Total	<u>\$ 3,259,899</u>	<u>\$ 3,259,899</u>

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

Operating transfers between the governmental activities and the business-type activities on the accrual basis for the fiscal year ended September 30, 2015, were as follows:

	<u>Transfers-in</u>	<u>Transfers-out</u>
Governmental activities		
General Fund	\$ 1,420,850	\$ -
Business-type activities		
Electric Fund	-	906,253
Water and Sewer Fund	-	394,216
Solid Waste Fund	<u>-</u>	<u>120,381</u>
Total	<u>\$ 1,420,850</u>	<u>\$ 1,420,850</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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, 2015:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Billed	\$ 181,285	\$ 1,462,049
Unbilled	<u>46,730</u>	<u>899,008</u>
Total	228,015	2,361,057
Less allowance for doubtful accounts	<u>10,663</u>	<u>141,559</u>
	<u>\$ 217,352</u>	<u>\$ 2,219,498</u>

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

Restricted assets in the business-type activities were comprised of the following as of September 30, 2015:

	<u>Electric Fund</u>	<u>Water/Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Funds reserved for new construction and debt retirement	\$ 240,425	\$ 3,097,162	\$ -	\$ 3,337,587
Customer deposits and accrued interest on deposits	710,338	-		710,338
Funds reserved for FMPA working capital	<u>425,207</u>	<u>-</u>	<u>-</u>	<u>425,207</u>
	<u>\$ 1,375,970</u>	<u>\$ 3,097,162</u>	<u>\$ -</u>	<u>\$ 4,473,132</u>

NOTE 7 - CAPITAL ASSETS

Summary of Capital Assets - Governmental Activities

The following is a summary of capital assets of the governmental activities as of September 30, 2015:

Land	\$ 2,457,334
Buildings	4,383,892
Improvements other than buildings	10,308,423
Machinery and equipment	7,455,447
Construction in progress	<u>70,964</u>
	24,676,060
Less accumulated depreciation	<u>15,839,547</u>
	<u>\$ 8,836,513</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 7 - CAPITAL ASSETS (continued)

Changes in Capital Assets - Governmental Activities

The following is a summary of changes in capital assets of the governmental activities for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Land	\$ 2,457,334	\$ -	\$ -	\$ 2,457,334
Buildings	4,383,892	-	-	4,383,892
Improvements other than buildings	10,308,423	-	-	10,308,423
Machinery and equipment	7,416,924	104,380	65,857	7,455,447
Construction in progress	<u>7,290</u>	<u>63,674</u>	<u>-</u>	<u>70,964</u>
	24,573,863	168,054	65,857	24,676,060
Less accumulated depreciation	<u>15,304,050</u>	<u>601,354</u>	<u>65,857</u>	<u>15,839,547</u>
	<u>\$ 9,269,813</u>	<u>\$ (433,300)</u>	<u>\$ -</u>	<u>\$ 8,836,513</u>

Summary of Capital Assets - Business-type Activities

The following is a summary of capital assets of the business-type activities for the year ended September 30, 2015:

	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Total
Land	\$ 27,667	\$ 642,475	\$ -	\$ 670,142
Buildings	1,927,384	18,499	47,454	1,993,337
Improvements other than buildings	11,659,642	35,791,595	-	47,451,237
Machinery and equipment	1,986,990	1,788,784	1,767,039	5,542,813
Construction in progress	<u>-</u>	<u>1,117,416</u>	<u>-</u>	<u>1,117,416</u>
	15,601,683	39,358,769	1,814,493	56,774,945
Less accumulated depreciation	<u>9,607,233</u>	<u>12,933,177</u>	<u>1,308,861</u>	<u>23,849,271</u>
	<u>\$ 5,994,450</u>	<u>\$ 26,425,592</u>	<u>\$ 505,632</u>	<u>\$ 32,925,674</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 7 - CAPITAL ASSETS (continued)

Changes in Capital Assets - Business-type Activities

The following is a summary of changes in capital assets for each enterprise fund for the year ended September 30, 2015:

Electric Fund	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Land	\$ 27,667	\$ -	\$ -	\$ 27,667
Buildings	1,927,384	-	-	1,927,384
Improvements other than buildings	11,598,546	61,096	-	11,659,642
Machinery and equipment	<u>1,996,149</u>	<u>5,391</u>	<u>14,550</u>	<u>1,986,990</u>
	15,549,746	66,487	14,550	15,601,683
Less accumulated depreciation	<u>9,184,275</u>	<u>437,508</u>	<u>14,550</u>	<u>9,607,233</u>
	<u>\$ 6,365,471</u>	<u>\$ (371,021)</u>	<u>\$ -</u>	<u>\$ 5,994,450</u>
Water and Sewer Fund	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Land	\$ 642,475	\$ -	\$ -	\$ 642,475
Buildings	18,499	-	-	18,499
Improvements other than buildings	35,791,595	-	-	35,791,595
Machinery and equipment	1,771,746	17,038	-	1,788,784
Construction in progress	<u>1,117,416</u>	<u>-</u>	<u>-</u>	<u>1,117,416</u>
	39,341,731	17,038	-	39,358,769
Less accumulated depreciation	<u>12,125,839</u>	<u>807,338</u>	<u>-</u>	<u>12,933,177</u>
	<u>\$ 27,215,892</u>	<u>\$ (790,300)</u>	<u>\$ -</u>	<u>\$ 26,425,592</u>
Solid Waste Fund	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Buildings	\$ 47,454	\$ -	\$ -	\$ 47,454
Machinery and equipment	<u>1,472,775</u>	<u>294,264</u>	<u>-</u>	<u>1,767,039</u>
	1,520,229	294,264	-	1,814,493
Less accumulated depreciation	<u>1,211,981</u>	<u>96,880</u>	<u>-</u>	<u>1,308,861</u>
	<u>\$ 308,248</u>	<u>\$ 197,384</u>	<u>\$ -</u>	<u>\$ 505,632</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 35,613
Public safety	165,477
Physical environment	-
Transportation	159,292
Culture and recreation	211,310
Economic environment	22,148
Human services	<u>7,514</u>
Total depreciation expense - governmental activities	<u>\$ 601,354</u>
Business-type activities	
Electric	\$ 437,508
Water and Sewer	807,338
Solid Waste	<u>96,880</u>
Total depreciation expense - business-type activities	<u>\$ 1,341,726</u>

NOTE 8 - EMPLOYEE ANNUAL LEAVE

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

Records are maintained for employees showing the number of days leave accrued. The amount of vacation pay accrued in the governmental activities as a current accrued liability for the year ended September 30, 2015, was \$22,593. The amount accrued in the governmental activities as a noncurrent liability was \$184,994. The amount of accrued annual leave in the business-type activities was \$51,885. 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, 2015

NOTE 9 - LONG-TERM DEBT

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2015:

	Balance October 1, 2014 (as restated)	New Debt Issued	Retirement of Debt	Balance Sept. 30, 2015	Due Within One Year	Long-term Portion
Governmental Activities						
General Fund						
Advances from other fund	\$ 525,896	\$ -	\$ 44,042	\$ 481,854	\$ 44,626	\$ 437,228
FDEO repay. agreement	-	324,941	-	324,941	32,494	292,447
Net pension liability	1,150,699	1,038,138	-	2,188,837	-	2,188,837
Compensated absences	213,181	-	28,187	184,994	-	184,994
Business-type Activities						
Electric Fund						
Note payable - bank	785,556	-	157,111	628,445	157,111	471,334
Net pension liability	180,480	212,367	-	392,847	-	392,847
Water and Sewer Fund						
Revenue bonds payable	13,454,000	-	209,000	13,245,000	218,000	13,027,000
Note payable - bank	239,810	-	40,000	199,810	40,000	159,810
Notes payable - FDEP SRF	907,883	-	49,225	858,658	49,923	808,735
Net pension liability	73,833	86,878	-	160,711	-	160,711
Solid Waste Fund						
Net pension liability	41,018	48,266	-	89,284	-	89,284
	<u>\$ 17,572,356</u>	<u>\$ 1,710,590</u>	<u>\$ 527,565</u>	<u>\$ 18,755,381</u>	<u>\$ 542,154</u>	<u>\$ 18,213,227</u>

Summary of Long-Term Debt

Long-term debt at September 30, 2015, is comprised of the following:

Governmental Activities

Advances From Other Fund

Advance payable by the General Fund to the Water and Sewer Fund, due in three remaining equal annual installments of \$29,700 and a final payment of \$31,948 in 2019. \$ 121,048

Advance payable by the General Fund to the Water and Sewer Fund, due in monthly installments equal to the principal collections on the General Fund's note receivable in connection with the industry development project at that City's commerce park. 360,806

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Governmental Activities (continued)

Florida Department of Economic Opportunity (FDEO) Repayment Agreement

CDBG grant funds received by the City under the Florida Small Cities Community Development Block Grant program to be repaid to the FDEO due to employment goals which were not met in connection with the City's development of the Park of Commerce. Payable in quarterly installments of \$16,247, beginning June 30, 2016, for five years, with no interest. 324,941

Net Pension Liability

As of September 30, 2015, the governmental activities collective share of the Florida Retirement System's net pension liability was \$1,046,009 and the governmental activities net pension liability related to the frozen defined benefit retirement plan was \$1,142,828. 2,188,837

Compensated Absences

As of September 30, 2015, other long-term liabilities consisted of the noncurrent portion of the compensated absences liability of the General Fund. 184,994

Business-type Activities

Electric Fund

Note Payable - Bank

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Business-type Activities (continued)

Electric Fund (continued)

Note Payable - Bank (continued)

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

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

628,445

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.

7,357,000

Water and Sewer Revenue Bonds - Series 2007B

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

5,888,000

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

Business-type Activities (continued)

Water and Sewer Fund (continued)

Note Payable - Bank

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

199,810

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

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

858,658

Net Pension Liability - All Proprietary Funds

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

642,842

\$ 18,755,381

Annual Requirements to Amortize Debt Principal and Interest of Governmental Activities

The annual requirements to amortize the debt outstanding of the governmental-type activities as of September 30, 2015, are as follows:

Year Ending Sept. 30	Advances Payable - Water and Sewer Fund		FDEO Repayment Agreement		Total Payments
	Interest	Principal	Interest	Principal	
2016	\$ -	\$ 44,626	\$ -	\$ 32,494	\$ 77,120
2017	-	45,235	-	64,988	110,223
2018	-	45,868	-	64,988	110,856
2019	-	48,775	-	64,988	113,763
2020	-	17,510	-	64,988	82,498
2021-2025	-	98,860	-	32,495	131,355
2026-2031	-	118,492	-	-	118,492
2032-2033	-	62,488	-	-	62,488
	<u>\$ -</u>	<u>\$ 481,854</u>	<u>\$ -</u>	<u>\$ 324,941</u>	<u>\$ 806,795</u>

Annual maturities of the long-term compensated absences in the governmental activities and the net pension liability in governmental activities and business-type activities cannot be reasonably determined.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

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

The annual requirements to amortize the debt outstanding of the business-type activities as of September 30, 2015, including interest payments of \$44,777 on the Electric Fund's note payable and interest payments of \$10,596,942 on the Water & Sewer Fund's revenue bonds and notes payable are as follows:

Year Ending Sept. 30,	Electric Fund Note Payable - Bank			Water and Sewer Fund Revenue Bonds Payable		
	Interest	Principal	Total	Interest	Principal	Total
2016	\$ 21,799	\$ 157,111	\$ 178,910	\$ 546,356	\$ 218,000	\$ 764,356
2017	14,729	157,111	171,840	537,364	227,000	764,364
2018	7,660	157,111	164,771	528,000	236,000	764,000
2019	589	157,112	157,701	518,265	247,000	765,265
2020	-	-	-	508,076	256,000	764,076
2021-2025	-	-	-	2,372,782	1,450,000	3,822,782
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>\$ 44,777</u>	<u>\$ 628,445</u>	<u>\$ 673,222</u>	<u>\$ 10,471,972</u>	<u>\$ 13,245,000</u>	<u>\$ 23,716,972</u>

Year Ending Sept. 30,	Water and Sewer Fund Note Payable - Bank			Water and Sewer Fund Notes Payable - Florida DEP SRF		
	Interest	Principal	Total	Interest	Principal	Total
2016	\$ 8,699	\$ 40,000	\$ 48,699	\$ 11,956	\$ 49,923	\$ 61,879
2017	6,799	40,000	46,799	11,248	50,631	61,879
2018	4,899	40,000	44,899	10,530	51,349	61,879
2019	2,999	40,000	42,999	9,802	52,077	61,879
2020	1,104	39,810	40,914	9,064	52,815	61,879
2021-2025	-	-	-	33,874	275,523	309,397
2026-2030	-	-	-	13,779	295,618	309,397
2031-2035	-	-	-	217	30,722	30,939
2036-2040	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-
2046	-	-	-	-	-	-
	<u>\$ 24,500</u>	<u>\$ 199,810</u>	<u>\$ 224,310</u>	<u>\$ 100,470</u>	<u>\$ 858,658</u>	<u>\$ 959,128</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-term Debt (continued)

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

<u>Year Ending Sept. 30,</u>	<u>Total Long-term Debt</u>		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 588,810	\$ 465,034	\$ 1,053,844
2017	570,140	474,742	1,044,882
2018	551,089	484,460	1,035,549
2019	531,655	496,189	1,027,844
2020	518,244	348,625	866,869
2021-2025	2,406,656	1,725,523	4,132,179
2026-2030	2,061,759	2,070,618	4,132,377
2031-2035	1,650,712	2,202,722	3,853,434
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>\$ 10,641,719</u>	<u>\$ 14,931,913</u>	<u>\$ 25,573,632</u>

Water and Sewer Revenue Bond Covenants

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

1. Revenue Fund - to receive all of the gross revenues derived from the operations of the Water and Sewer System. The Fund shall be used to pay the operation and maintenance expenses of the System and make the required monthly transfers to the other specified funds.
2. Water and Sewer Refunding Revenue Bonds, Sinking Fund - sums funded monthly sufficient to pay the interest and principal due each September 1.
3. Reserve Account to the Sinking Fund - sums funded monthly equal to 1/120 of the maximum annual bond service requirements until the reserve equals or exceeds the maximum annual bond service requirement. The reserve account to the sinking fund was completely funded as of September 30, 2015.
4. Short Lived Asset Reserve Fund - to receive a monthly transfer of one-twelfth of the specified amount of \$42,333 until the Short Lived Asset Reserve Fund reaches \$635,000. The funds are to be used for (1) emergency maintenance (2) extensions to the system or, (3) replacement of short lived assets which have a useful life less than the repayment period of the bonds. The short lived asset reserve fund was completely funded as of September 30, 2015.
5. Redemption Account Fund - the balance of the gross revenues after payment of operating expenses and required transfers can be deposited into the Redemption Account or the excess funds can be used for any lawful purpose. The funds in the Redemption Account should be used for redeeming bonds for retirement at a price not to exceed par and accrued interest.
6. The City shall establish utility rates sufficient to produce revenues which are equal to or greater than the operating expenses of the water and sewer systems, less depreciation, plus all bond sinking and reserve requirements.

CITY OF CLEWISTON, FLORIDA
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September 30, 2015

NOTE 10 - RESTATEMENT OF NET POSITION FROM IMPLEMENTATION OF GASB 68 AND 71

For the fiscal year ended September 30, 2015, the City implemented the provisions of GASB Statement 68 and 71 - *Accounting and Financial Reporting for Pensions*. Accordingly, beginning net position was restated to reflect the recording of net pension liabilities, deferred inflows of resources, and deferred outflows of resources as follows:

	<u>Government-wide</u>		<u>Fund Level - Enterprise Funds</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Electric Fund</u>	<u>Water/ Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>
Net position - September 30, 2014, as previously reported	\$ 8,212,010	\$ 30,145,469	\$10,211,912	\$ 18,891,357	\$ 1,042,200	\$30,145,469
Adjustments - FRS Pension Plan						
Net pension liability as of						
September 30, 2014	(355,452)	-	-	-	-	-
Deferred outflows of resources	93,509	-	-	-	-	-
Deferred inflows of resources	(747,417)	-	-	-	-	-
Adjustments - FRS HIS Program						
Net pension liability as of						
September 30, 2014	(270,213)	-	-	-	-	-
Deferred outflows of resources	12,036	-	-	-	-	-
Deferred inflows of resources	(9,511)	-	-	-	-	-
Adjustments - Frozen Defined Benefit Retirement Plan						
Net pension liability as of						
September 30, 2014	(525,034)	(295,331)	(180,480)	(73,833)	(41,018)	(295,331)
Deferred inflows of resources	(144,445)	(81,251)	(49,653)	(20,313)	(11,285)	(81,251)
Net position - September 30, 2014, as restated	<u>\$ 6,265,483</u>	<u>\$ 29,768,887</u>	<u>\$ 9,981,779</u>	<u>\$ 18,797,211</u>	<u>\$ 989,897</u>	<u>\$29,768,887</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 11 - NET POSITION AND FUND BALANCES

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

Restricted for Community Redevelopment

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

Restricted for Construction and Debt Retirement

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

Restricted for Working Capital - FMPA

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Held in Trust for Pension Benefits

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 12 - 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, 2015:

	Electric Fund	Water/Sewer Fund	Solid Waste Fund	Total
Assets and deferred outflows of resources				
Current assets	\$ 5,752,468	\$ 6,987,479	\$ 541,273	\$ 13,281,220
Capital assets	5,994,450	26,425,592	505,632	32,925,674
Other assets	425,207	-	-	425,207
Deferred outflows of resources	226,736	92,755	51,531	371,022
Liabilities				
Current liabilities	1,661,778	1,240,972	45,932	2,948,682
Long-term liabilities	864,181	14,156,256	89,284	15,109,721
Net position				
Invested in capital assets, net of related debt	5,366,005	12,122,124	505,632	17,993,761
Restricted	663,276	3,048,169	-	3,711,445
Unrestricted	3,843,621	2,938,305	457,588	7,239,514
Charges for services	10,885,957	3,430,243	1,173,278	15,489,478
Operating expenses	10,068,001	3,197,143	1,080,720	14,345,864
Operating income	817,956	233,100	92,558	1,143,614
Non-operating revenues (expenses)	(20,580)	(550,963)	1,146	(570,397)
Capital contributions	-	23,466	-	23,466
Operating transfers-out	(906,253)	(394,216)	(120,381)	(1,420,850)
Changes in net position	(108,877)	(688,613)	(26,677)	(824,167)
Beginning net position (as restated)	9,981,779	18,797,211	989,897	29,768,887
Ending net position	9,872,902	18,108,598	963,220	28,944,720
Net cash provided by (used for):				
Operating activities	1,629,932	1,114,946	166,838	2,911,716
Noncapital financing activities	(1,336,385)	44,092	(141,573)	(1,433,866)
Capital and related financing activities	(252,469)	(793,938)	(294,264)	(1,340,671)
Investing activities	282	17,119	1,146	18,547
Beginning cash and cash equivalents	1,089,923	4,170,327	378,952	5,639,202
Ending cash and cash equivalents	1,131,283	4,552,546	111,099	5,794,928

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 13 - 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, 2015.

	Governmental Activities	Business-type Activities	Total
Federal Awards Programs	\$ 31,934	\$ -	\$ 31,934
State Financial Assistance	215,531	-	215,531
Contributions from Hendry County	185,910	-	185,910
Contributions from citizens, customers, and developers	28,612	3,466	32,078
Contributions from private foundations	37,582	-	37,582
Contribution from Clewiston Redevelopment Agency	-	20,000	20,000
	<u>\$ 499,569</u>	<u>\$ 23,466</u>	<u>\$ 523,035</u>

See pages 91-94 for more information concerning federal awards programs and state financial assistance. The contributions from Hendry County were used for culture and recreational activities. Current year contributions to the governmental activities from citizens were through a recreational voluntary contribution program, other recreational contributions, and contributions to the public library. Current year contributions to the business-type activities from customers and developers consisted of impact fees paid as required by a City ordinance. The impact fees are reserved for current and future construction. Contributions from private foundations were for cultural and recreational programs. The Community Redevelopment Agency contributed \$20,000 toward the South Side Sewer Project debt repayment during the fiscal year ended September 30, 2015.

NOTE 14 - FLORIDA RETIREMENT SYSTEM - CERTIFIED POLICE OFFICERS

General Information

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

General Information (continued)

Membership in the Florida Retirement System is compulsory for all of the City's certified police officers hired after February 1, 2004. All certified police officers hired prior to February 1, 2004, were allowed to elect to participate in the Florida Retirement System or remain in the existing City pension plan.

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

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

Significant Accounting Policies

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

Pension Plan

Plan Description

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

Benefits Provided

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Pension Plan (continued)

Benefits Provided (continued)

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

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

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

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates for Special Risk Class for the periods from October 1, 2014, through June 30, 2015, and from July 1, 2015, through September 30, 2015, were 19.82% and 22.04%, respectively, and DROP participants - 12.28% and 12.88%, respectively. These employer contribution rates include 1.20% and 1.26% HIS Program subsidy for the periods October 1, 2014, through June 30, 2015, and from July 1, 2015, through September 30, 2015, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$192,022 for the fiscal year ended September 30, 2015.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Pension Plan (continued)

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

At September 30, 2015, the City reported a liability of \$753,103 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .005830618%, which was an increase of .000004938% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$43,979 related to the FRS Pension Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 79,505	\$ 17,861
Change of assumptions	49,986	-
Net difference between projected and actual earnings on Pension Plan investments	-	179,828
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	648	107,474
City Pension Plan contributions subsequent to the measurement date	<u>41,162</u>	<u>-</u>
Total	<u>\$ 171,301</u>	<u>\$ 305,163</u>

The deferred outflows of resources related to the FRS Pension Plan, totaling \$41,162 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ (30,276)
2017	(30,276)
2018	(30,276)
2019	(30,026)
2020	(29,910)
Thereafter	<u>(24,260)</u>
	<u>\$ (175,024)</u>

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.60%
Salary increase	3.25%, average, including inflation
Investment rate of return	7.65%, net of Pension Plan investment expense, including inflation
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>(1) Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	<u>12.0%</u>	6.7%	6.1%	11.4%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate.

	1% Decrease <u>(6.65%)</u>	Current Discount Rate <u>(7.65%)</u>	1% Increase <u>(8.65%)</u>
City's proportionate share of the net pension liability	\$1,951,459	\$753,103	\$(244,127)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2015, the City reported a payable in the amount of \$18,989 for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2015.

Retiree Health Insurance Subsidy Program

Program Description

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Retiree Health Insurance Subsidy Program (continued)

Benefits Provided

For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contributions for the period October 1, 2014, through June 30, 2015, and from July 1, 2015, through September 30, 2015, was 1.20% and 1.26%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Program totaled \$12,283 for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the City reported a liability of \$292,906 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .002872070%, which was a decrease of .000017837% from its proportionate share measured as of June 30, 2014.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Retiree Health Insurance Subsidy Program (continued)

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$20,043 related to the HIS Program. In addition the City reported deferred outflows of resources and deferred in flows of resources related to the HIS Program from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 23,044	\$ -
Net difference between projected and actual earnings on Program investments	29	-
Changes in proportion and differences between City HIS Program contributions and proportionate share of contributions	-	9,341
City HIS Program contributions subsequent to the measurement date	<u>3,727</u>	<u>-</u>
Total	<u>\$ 26,800</u>	<u>\$ 9,341</u>

The deferred outflows of resources related to the HIS Program, totaling \$3,727 resulting from City contributions to the HIS Program subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 2,375
2017	2,375
2018	2,375
2019	2,356
2020	2,347
Thereafter	<u>1,904</u>
	<u>\$ 13,732</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Retiree Health Insurance Subsidy Program (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.60%
Salary increase	3.25%, average, including inflation
Municipal Bond Rate	3.80%
Investment rate of return	N/A
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.8%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate.

	1% Decrease <u>(2.80%)</u>	Current Discount Rate <u>(3.80%)</u>	1% Increase <u>(4.80%)</u>
City's proportionate share of the net pension liability	\$333,753	\$292,906	\$258,846

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Retiree Health Insurance Subsidy Program (continued)

HIS Program Fiduciary Net Position

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

Payables to the HIS Program

At September 30, 2015, the City reported a payable in the amount of \$1,189 for outstanding contributions to the HIS Program required for the fiscal year ended September 30, 2015.

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN

General Information

The City sponsors a single employer defined benefit pension plan. Securian Retirement Services was appointed by the City as plan administrator and was responsible for all administrative, actuarial, and investment management decisions for the City of Clewiston Pension Plan (Plan) during the fiscal year ended September 30, 2015. Future retirees will have their benefits paid directly from the plan assets instead of through purchased annuities.

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

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Pension Trust Fund in the City's financial statements on pages 26 and 27. Also, a breakdown of the Plan's investments as of September 30, 2014, is included in Note 2 on page 41.

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

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

General Information (continued)

For the plan years beginning October 1, 2014, and October 1, 2015, the individual entry age normal cost method was used, as required by GASB 67/68, which spreads the cost of the benefits from hire to expected decrement age. Under the individual entry age normal cost method, the normal cost is the level amount which would exactly fund, for any individual, his projected benefit at retirement, if it were contributed from date of eligibility until retirement. Since benefit accruals are frozen, the normal cost is zero and the accrued liability is equal to the present value of accrued benefits. The unfunded accrued liability is that portion of the accrued liability in excess of plan assets. When the actual experience deviates from the actuarial assumptions, gains or losses are produced. These amounts, along with the unfunded accrued liability, are amortized separately from the annual normal costs. Florida Statutes require that the contribution be no less than the unfunded accrued liability amortized over 30 years. The effect of cost-of-living increases in the IRC Section 415 dollar limitation on benefits and in the IRC Section 401(a)(17) limitation on compensation is treated as part of the actuarial gain (loss).

The actuarial value of assets equals the fair market value as of the valuation date (including any discounted receivable contributions), plus 2/3 of the actual earnings minus expected earnings for the preceding 12 months (plan year), plus 1/3 of the actual earnings minus expected earnings for the 12 months (plan year) preceding that date, as described in the Internal Revenue Notice 2009-22. The actuarial value of assets is adjusted to be within 90-110% of the fair market value on the valuation date.

Benefits, Employee Membership Data, and Covered Payroll

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

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

As of October 1, 2015, (the date of the latest available valuation report) employee membership data used in the calculation of the pension obligation was as follows:

Active members	57
Retirees and beneficiaries currently receiving benefits	52
Terminated employees entitled to benefits but not yet receiving them	<u>62</u>
Total participants included in the Plan valuation	<u>171</u>

For the fiscal year ended September 30, 2015, the City's total payroll for all employees was approximately \$4,595,000 and the City's total covered payroll was zero because the plan was frozen as of October 1, 2012. Covered payroll refers to all compensation paid by the City to active employees covered by the pension plan on which contributions to the pension plan are based.

Contributions

The annual required contribution of the City for the year ended September 30, 2015, using the Projected Unit Credit actuarial cost method, was \$75,515. This amount represented the normal cost of the plan at the beginning of the year in the amount of \$8,790 and amortization amounts of \$61,785.

The City's actual contribution for the fiscal year ended September 30, 2015, was \$126,960.

The recommended contribution for the plan year beginning October 1, 2015, is \$122,907. Since the plan accruals are frozen, the unit credit funding method was used. If the sum total of amortizations of method changes, assumption changes, plan changes and gains and losses is less than the total unfunded liability amortized over 30 years, then the minimum will be based on the 30 year amortization of the unfunded liability.

The pension plan experienced an increase in the contribution level from the prior year due to asset return less than expected and changes in the actuarial assumptions. The interest rate assumption was reduced from 7% to 6.75% to better reflect future anticipated expected returns. This change in the actuarial assumptions resulted in an increase in the plan liabilities. The asset valuation method has been changed from Market Value of Assets to a smoothing method that reduces the volatility of the Market Value of Assets to keep contribution levels more stable.

Investments

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

Rate of Return

For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

Long-term Expected Rate of Return

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

<u>Asset Class</u>	<u>Allocation Policy at Measurement Date</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Long-term Expected Nominal Rate of Return</u>
Domestic Equity	48%	5.00%	8.00%
International Equity	12%	5.00%	8.00%
Fixed Income	40%	1.75%	4.75%
Real Estate and Alternatives	0%	4.00%	7.00%
General Account	<u>0%</u>	0.25%	3.25%
Total (weighted average rounded to 1/4%)	<u>100%</u>	3.75%	6.75%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made equal to the actuarially determined contribution amounts. Based on that assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of project benefit payments to determine the total pension liability.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

Net Pension Liability

The components of the net pension liability of the City as of September 30, 2015, were as follows:

Description	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance - September 30, 2014	\$ 11,256,782	\$ 10,436,417	\$ 820,365
Changes due to:			
Change in actuarial assumptions or methods	373,079	-	373,079
Increase for interest due to decrease in the discount period	772,612	-	772,612
Net investment income	-	(19,352)	19,352
Employer contributions		126,960	(126,960)
Benefits accumulated, gains/losses	(81,151)	-	(81,151)
Benefit payments and refunds	(438,937)	(438,937)	-
Administrative expenses	-	(8,373)	8,373
Total changes	<u>625,603</u>	<u>(339,702)</u>	<u>965,305</u>
Balance - September 30, 2015	<u>\$ 11,882,385</u>	<u>\$ 10,096,715</u>	<u>\$ 1,785,670</u>

The Plan fiduciary net position was 84.97% of the total pension liability as of September 30, 2015.

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

The following represents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's net pension liability	\$3,490,889	\$1,785,670	\$400,409

At September 30, 2015, the City reported a net pension liability of \$1,785,670 for the Frozen Defined Benefit Retirement Plan. The liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 15 - FROZEN DEFINED BENEFIT RETIREMENT PLAN (continued)

For the fiscal year ended September 30, 2015, the City recognized revenue of \$164,048. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance - September 30, 2014	\$ -	\$ 225,696
Changes due to:		
Differences between expected and actual liability	(81,151)	-
Changes in assumptions	373,079	-
Changes due to differences between expected and actual earnings on investments	<u>738,689</u>	<u>(225,696)</u>
Total changes	<u>1,030,617</u>	<u>(225,696)</u>
Balance - September 30, 2015	<u>\$ 1,030,617</u>	<u>\$ -</u>

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

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 245,048
2017	245,048
2018	245,048
2019	147,738
2020	147,735
Thereafter	<u>-</u>
	<u>\$ 1,030,617</u>

See page 84 which shows a schedule of changes in net pension liability and related ratios for the Plan, page 85 which shows a schedule of employer contributions to the Plan, and page 86 which shows a schedule of Plan investment returns for the City's defined benefit retirement plan.

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

NOTE 16 - DEFINED BENEFIT PENSION PLANS SUMMARY DATA

The table on the following page provides a summary of significant information related to the City's defined benefit pension plans for the fiscal year ended September 30, 2015. The information for the Florida Retirement System Pension Plan and the Florida Retirement System Retiree Health Insurance Subsidy Program are the City's proportionate share of the listed items.

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

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

<u>Description</u>	<u>Florida Retirement System Pension Plan</u>	<u>Florida Retirement System HIS Program</u>	<u>Frozen Defined Benefit Retirement</u>	<u>Total</u>
Total pension liability	\$ 9,408,911	\$ 294,364	\$11,882,385	\$ 21,585,660
Plan fiduciary net position	8,655,808	1,458	10,096,715	18,753,981
Net pension liability	753,103	292,906	1,785,670	2,831,679
Deferred outflows of resources	171,301	26,800	1,030,617	1,228,718
Deferred inflows of resources	305,163	9,341	-	314,504
Pension expense (revenue)	43,979	20,043	(164,048)	(100,026)

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

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

The City contributes 6% of each employee's qualified salary (excluding fire fighters, police officers, City Commissioners, and all part-time employees) and all amounts are vested immediately. All contributions to the plan are to be made by the City. The City Commission has the authority to establish and amend contribution requirements. All of the required contributions for the fiscal year ended September 30, 2015, were made by the City which totaled \$173,767.

NOTE 18 - DEFERRED COMPENSATION PLAN

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Florida Municipal Power Agency - Power Sales and Project Support Contracts

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

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

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

The City previously entered into a Capacity and Energy Sales Contract with certain other participants. Under this contract, the City agreed to sell the capacity and energy from its respective entitlement share of the project to certain purchasing systems. The purchasing systems agreed to purchase such capacity and energy and to provide back-up capacity and energy. The City remains obligated for payments pursuant to its Power Sales and Project Support Contracts. The City's pro rata share of the Agency's operating deficit for the year ended September 30, 2015, was not material in relation to the City's total electrical system expenditures.

Grants and Assistance

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

During the current year, the City was notified by the State of Florida, Department of Economic Opportunity, that the City had not met the employment goals required by the CDBG grant related to the City's development of the park of commerce. Therefore, grant funds previously paid to the City in the amount of \$324,941 will have to be repaid.

Litigation

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 20 - RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2015, the General Fund charged the Enterprise Funds \$195,105 for administrative services. The Electric Fund charged the General Fund \$3,689 for customer billing and collection services related to the General Fund's mosquito services. The Electric Fund charged the Water and Sewer Fund \$46,874 for customer billing related to water and sewer services and the Solid Waste Fund \$15,829 for customer billing related to garbage services.

NOTE 21 - RISK MANAGEMENT

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

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

To satisfy GAAP/statutory accounting and regulatory reporting requirements, the pool (Public Risk Management of Florida) retained Casualty Actuarial Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2015, (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, 2015. When the ultimate losses ceded under aggregate excess insurance of \$10,645,570 is included, the indicated funding adequacy translates to a claims fund surplus of \$9,964,843. This balance is on a net basis, after specific and aggregate excess insurance.

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

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

CITY OF CLEWISTON, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 22 - OVER EXPENDITURES

At September 30, 2015, the following items within the governmental funds had expenditures exceeding their budgeted amounts:

<u>Expenditure Type</u>	<u>Over Expenditure</u>
General Fund	
Current	
Public safety	\$ 47,299
Physical environment	29,121
Debt Service	
Principal retirement	14,342
Other Governmental Fund	
Current	
Culture and recreation	2,759

NOTE 23 - SUBSEQUENT EVENTS

The planning, engineering, and permitting phase for the wastewater treatment plant expansion project was completed during the year ended September 30, 2011. As of September 30, 2015, the City had expended \$1,117,500 for the initial phase of the wastewater treatment plant expansion project. The commencement date of construction on the project is dependent upon the availability of grant funding or the addition of a major customer.

Management has evaluated subsequent events through June 17, 2016, the date which the financial statements were available for issue.

CITY OF CLEWISTON, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds
Year Ended September 30, 2015

	General Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,836,348	\$ 2,836,348	\$ 2,845,859	\$ 9,511
Licenses and permits	97,345	97,345	88,391	(8,954)
Intergovernmental	695,948	835,031	865,120	30,089
Charges for services	1,650,538	1,650,538	1,598,097	(52,441)
Fines and forfeitures	88,100	88,100	90,021	1,921
Miscellaneous	<u>163,253</u>	<u>163,253</u>	<u>211,498</u>	<u>48,245</u>
Total revenues	<u>5,531,532</u>	<u>5,670,615</u>	<u>5,698,986</u>	<u>28,371</u>
Expenditures				
Current				
General government	1,669,239	1,588,731	1,504,511	84,220
Public safety	2,384,155	2,444,024	2,491,323	(47,299)
Transportation	702,963	705,225	669,887	35,338
Culture and recreation	2,014,644	2,170,564	2,138,951	31,613
Physical environment	328,199	328,199	357,320	(29,121)
Economic environment	-	-	-	-
Human services	140,940	142,480	124,079	18,401
Debt service				
Principal retirement	<u>29,700</u>	<u>29,700</u>	<u>44,042</u>	<u>(14,342)</u>
Total expenditures	<u>7,269,840</u>	<u>7,408,923</u>	<u>7,330,113</u>	<u>78,810</u>
Excess of revenues under expenditures	<u>(1,738,308)</u>	<u>(1,738,308)</u>	<u>(1,631,127)</u>	<u>107,181</u>
Other financing sources (uses)				
Operating transfers-in	<u>1,420,850</u>	<u>1,420,850</u>	<u>1,420,850</u>	<u>-</u>
Total other financing sources (uses)	<u>1,420,850</u>	<u>1,420,850</u>	<u>1,420,850</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (317,458)</u>	<u>\$ (317,458)</u>	(210,277)	<u>\$ 107,181</u>
Fund balances - October 1, 2014			<u>(380,135)</u>	
Fund balances - September 30, 2015			<u>\$ (590,412)</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds (continued)
Year Ended September 30, 2015

	Clewiston Redevelopment Agency Fund			
	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	<u>200</u>	<u>200</u>	<u>101</u>	<u>(99)</u>
Total revenues	<u>200</u>	<u>200</u>	<u>101</u>	<u>(99)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	-	-
Physical environment	-	-	-	-
Economic environment	20,920	20,920	20,420	500
Human services	-	-	-	-
Debt service				
Principal retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>20,920</u>	<u>20,920</u>	<u>20,420</u>	<u>500</u>
Excess of revenues under expenditures	<u>(20,720)</u>	<u>(20,720)</u>	<u>(20,319)</u>	<u>401</u>
Other financing sources (uses)				
Operating transfers-in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (20,720)</u>	<u>\$ (20,720)</u>	<u>(20,319)</u>	<u>\$ 401</u>
Fund balances - October 1, 2014			<u>58,827</u>	
Fund balances - September 30, 2015			<u>\$ 38,508</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
 Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual - Governmental Funds (continued)
 Year Ended September 30, 2015

	Other Governmental Fund			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	136,232	162,229	165,151	2,922
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	<u>250</u>	<u>250</u>	<u>87</u>	<u>(163)</u>
Total revenues	<u>136,482</u>	<u>162,479</u>	<u>165,238</u>	<u>2,759</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	136,482	162,479	165,238	(2,759)
Physical environment	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Debt service				
Principal retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>136,482</u>	<u>162,479</u>	<u>165,238</u>	<u>(2,759)</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers-in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - October 1, 2014			<u>-</u>	
Fund balances - September 30, 2015			<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Governmental Funds (continued)
Year Ended September 30, 2015

	Total Governmental Funds			Variance - Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Taxes	\$ 2,836,348	\$ 2,836,348	\$ 2,845,859	\$ 9,511
Licenses and permits	97,345	97,345	88,391	(8,954)
Intergovernmental	832,180	997,260	1,030,271	33,011
Charges for services	1,650,538	1,650,538	1,598,097	(52,441)
Fines and forfeitures	88,100	88,100	90,021	1,921
Miscellaneous	<u>163,703</u>	<u>163,703</u>	<u>211,686</u>	<u>47,983</u>
Total revenues	<u>5,668,214</u>	<u>5,833,294</u>	<u>5,864,325</u>	<u>31,031</u>
Expenditures				
Current				
General government	1,669,239	1,588,731	1,504,511	84,220
Public safety	2,384,155	2,444,024	2,491,323	(47,299)
Transportation	702,963	705,225	669,887	35,338
Culture and recreation	2,151,126	2,333,043	2,304,189	28,854
Physical environment	328,199	328,199	357,320	(29,121)
Economic environment	20,920	20,920	20,420	500
Human services	140,940	142,480	124,079	18,401
Debt service				
Principal retirement	<u>29,700</u>	<u>29,700</u>	<u>44,042</u>	<u>(14,342)</u>
Total expenditures	<u>7,427,242</u>	<u>7,592,322</u>	<u>7,515,771</u>	<u>76,551</u>
Excess of revenues under expenditures	<u>(1,759,028)</u>	<u>(1,759,028)</u>	<u>(1,651,446)</u>	<u>107,582</u>
Other financing sources (uses)				
Operating transfers-in	<u>1,420,850</u>	<u>1,420,850</u>	<u>1,420,850</u>	<u>-</u>
Total other financing sources (uses)	<u>1,420,850</u>	<u>1,420,850</u>	<u>1,420,850</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (338,178)</u>	<u>\$ (338,178)</u>	(230,596)	<u>\$ 107,582</u>
Fund balances - October 1, 2014			<u>(321,308)</u>	
Fund balances - September 30, 2015			<u>\$ (551,904)</u>	

See accompanying notes to financial statements.

CITY OF CLEWISTON, FLORIDA
Notes to Budgetary Comparison Schedule - Governmental Funds
September 30, 2015

NOTE A - BUDGETARY ACCOUNTING

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

1. During the summer of each year, the Finance Director submits to the City Commission proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The City advises the County Property Appraiser of the proposed millage rate and the date, time, and place of the public hearing for budget acceptance.
4. The budget is legally enacted through passage of an ordinance required by City Charter and a resolution required by the State of Florida.
5. The transfer of budget amounts within departments may be requested by department heads and may be made upon approval by the Finance Director and City Manager. The transfer of budgeted amounts between departments requires approval of the City Manager. Budgetary transfers between funds or changes in the total budget of a fund require approval of the City Commission through the passage of a resolution which is required to be posted on the City's website.
6. The amended budget amounts shown in these financial statements are as amended by the required approval process explained above.
7. Formal budgetary integration is employed within the accounting system as a management control device.
8. Budgets for the General and Special Revenue Funds and the Clewiston Redevelopment Agency are adopted on a basis that is substantially consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for all other funds have not been presented in this report.
9. The preceding schedule is presented at the functional level and not the departmental level.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2015, the following items within the Governmental Funds had expenditures exceeding their budgeted amounts:

<u>Expenditure Type</u>	<u>Over Expenditure</u>
General Fund	
Current	
Public safety	\$ 47,299
Physical environment	29,121
Debt Service	
Principal retirement	14,342
Other Governmental Fund	
Current	
Culture and recreation	2,759

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

Fiscal Year Ended September 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered- employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percent of Covered- employee Payroll	Plan Fiduciary Net Position as a Percent of the Total Pension Liability
2014	0.005825680%	\$ 355,452	\$ 815,567	43.58%	96.09%
2015	0.005830618%	\$ 753,103	\$ 903,630	83.34%	92.00%

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

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

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

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

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

Fiscal Year Ended September 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered- employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percent of Covered- employee Payroll	Plan Fiduciary Net Position as a Percent of the Total Pension Liability
2014	0.002889907%	\$ 270,213	\$ 815,567	33.13%	.99%
2015	0.002872070%	\$ 292,906	\$ 903,630	32.41%	.50%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report. The discount rate decreased from 4.29% in 2014 to 3.8% in 2015.

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

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

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

CITY OF CLEWISTON, FLORIDA
 Required Supplementary Information
 Schedule of Changes in City's Net Pension Liability and Related Ratios
 Frozen Defined Benefit Retirement Plan
 Fiscal Year Ended September 30, 2015 **(1)**

Total pension liability	
Service cost	\$ -
Interest	772,612
Changes of benefit terms	-
Differences between expected and actual experience	(81,151)
Changes in assumptions and method	373,079
Benefit payments, including refunds of member contributions	<u>(438,937)</u>
Net change in total pension liability	625,603
Total pension liability - beginning of year at 7%	<u>11,256,782</u>
Total pension liability - end of year at 6.75% (a)	<u>\$ 11,882,385</u>
Plan fiduciary net position	
Contributions - employer	\$ 126,960
Contributions - employee	-
Net investment income	(19,352)
Benefit payments, including refunds of member contributions	(438,937)
Administrative expense	<u>(8,373)</u>
Net change in plan fiduciary net position	(339,702)
Plan fiduciary net position - beginning	<u>10,436,417</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,096,715</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,785,670</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.97%</u>
Covered employee payroll	<u>\$ -0-</u>
Net pension liability as a percentage of covered employee payroll	N/A

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

CITY OF CLEWISTON, FLORIDA
 Required Supplementary Information
 Schedule of Employer Contributions
 Frozen Defined Benefit Retirement Plan
 Fiscal Year Ended September 30, 2015

Fiscal Year Ended September 30,	(1) Actuarilly Determined Contribution	(2) Contributions Recognized by the Plan	(3) Difference Between (1) and (2)	Covered Payroll	Contributions Recognized by the Plan as a Percent of Covered Payroll
2006	\$ 422,701	\$ 422,701	\$ -	\$ 2,153,634	19.63%
2007	\$ 290,988	\$ 290,988	\$ -	\$ 2,392,475	12.16%
2008	\$ 297,996	\$ 297,996	\$ -	\$ 2,538,659	11.74%
2009	\$ 404,902	\$ 404,902	\$ -	\$ 2,627,530	15.41%
2010	\$ 525,216	\$ 525,216	\$ -	\$ 2,539,065	20.69%
2011	\$ 491,049	\$ 491,049	\$ -	\$ 2,736,523	17.94%
2012	\$ 802,061	\$ -	\$ 802,061	\$ 2,766,512	29.00%
2013	\$ 238,320	\$ 238,320	\$ -	\$ -	-
2014	\$ 129,827	\$ 360,000	\$ (230,173)	\$ -	-
2015	\$ 75,515	\$ 126,690	\$ (51,175)	\$ -	-

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

CITY OF CLEWISTON, FLORIDA
 Required Supplementary Information
 Schedule of Investment Returns
 Frozen Defined Benefit Retirement Plan
 Fiscal Year Ended September 30, 2015 **(1)**

Fiscal Year Ended September 30,	Money Weighted Rate of Investment Return
2010	10.67%
2011	-.37%
2012	19.62%
2013	15.40%
2014	11.93%
2015	-.19%

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

CITY OF CLEWISTON, FLORIDA
Notes to Required Supplementary Information
Frozen Defined Benefit Retirement Plan
Fiscal Year Ended September 30, 2015

NOTE A - INFORMATION USED TO DETERMINE THE NET PENSION LIABILITY

Employer's reporting date:	September 30, 2015
Measurement date:	September 30, 2015
Actuarial valuation date:	October 1, 2015
Actuarial cost method:	Individual entry age normal cost method
Amortization method:	Level dollar, open
Asset valuation method:	The actuarial value of assets equals the fair market value as of the valuation date (including any discounted receivable contributions), plus 2/3 of the actual earnings minus expected earnings for the preceding 12 months (plan year), plus 1/3 of the actual earnings minus expected earnings for the 12 months (plan year) preceding that date, as described in the Internal Revenue Notice 2009-22. The actuarial value of assets is adjusted to be within 90-110% of the fair market value on the valuation date.

Actuarial Assumptions

Interest

Pre-retirement and post-retirement	7% per annum compounded annually for the year beginning October 1, 2014
	6.75% per annum compounded annually for the year beginning October 1, 2015

Mortality rates

Pre-retirement and post-retirement	IRS Prescribed Mortality RP2000 - Generational Non-annuitant using Scale AA for male and female
------------------------------------	---

Termination rates

2003 Society of Actuaries Small Plan Age Table multiplied by .70

Disability rates

1987 Commissioner's Group Disability Table

Salary projections

None - as the Plan has been frozen

Retirement age

Active: Earlier of age 62 with 10 years of service or age 65 with 5 years of participation

Inactive: Normal retirement date

Percent married

75%, husbands are 3 years older than wives

Expenses

Estimated annual expenses

Cost-of-living increase

3% per annum

CITY OF CLEWISTON, FLORIDA
Schedule of Revenues and Expenses -
Business-type Activities - Water and Sewer Fund
Water and Sewer Systems
Year Ended September 30, 2015

	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Operating revenues			
Charges for services	<u>\$ 2,076,462</u>	<u>\$ 1,353,781</u>	<u>\$ 3,430,243</u>
Operating expenses			
Personal services	214,645	398,941	613,586
Contractual services	703,932	227,148	931,080
Supplies	28,328	98,260	126,588
Utilities	262,622	189,705	452,327
Insurance	22,882	15,021	37,903
Repairs and maintenance	101,017	120,445	221,462
Depreciation	505,858	301,480	807,338
Miscellaneous	<u>4,896</u>	<u>1,963</u>	<u>6,859</u>
Total operating expenses	<u>1,844,180</u>	<u>1,352,963</u>	<u>3,197,143</u>
Operating income	<u>232,282</u>	<u>818</u>	<u>233,100</u>
Nonoperating revenues (expenses)			
Interest income	3,608	15,281	18,889
Miscellaneous	-	7,590	7,590
Interest expense and fiscal charges	<u>(554,293)</u>	<u>(23,149)</u>	<u>(577,442)</u>
Total nonoperating revenues (expenses)	<u>(550,685)</u>	<u>(278)</u>	<u>(550,963)</u>
Income (loss) before contributions and operating transfers	(318,403)	540	(317,863)
Capital contributions	2,266	21,200	23,466
Operating transfers-out	<u>(238,619)</u>	<u>(155,597)</u>	<u>(394,216)</u>
Changes in net position	<u>\$ (554,756)</u>	<u>\$ (133,857)</u>	<u>\$ (688,613)</u>

CITY OF CLEWISTON, FLORIDA
 Schedule to Determine Compliance With
 Interlocal Fire Protection Agreement
 For the Fiscal Year Ended
 September 30, 2015

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

Expenditures - current	
Public safety	
Fire	\$ 421,702
Less First Responder costs to be paid by Hendry County	(34,884)
One-fifth cost of 2011 fire trucks purchased - (5 of 5)	42,181
One-fifth cost of 2012 fire truck purchased (net of insurance proceeds of \$223,085) - (4 of 5)	<u>6,177</u>
Total Fire Department expenditures as adjusted	435,176
Hendry County's reimbursement percentage of Fire Department expenditures per agreement	67%
Portion of Fire Department expenditures to be paid by Hendry County	291,568
First Responder costs to be paid by Hendry County	<u>34,884</u>
Total Fire Department and First Responder expenditures to be reimbursed by Hendry County	326,452
Total previously billed to Hendry County for fire services	<u>215,844</u>
Amount due from Hendry County for the fiscal year ended September 30, 2015	<u>\$ 110,608</u>

CITY OF CLEWISTON, FLORIDA
Schedule to Determine Compliance With
Interlocal Animal Control Agreement
For the Fiscal Year Ended
September 30, 2015

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

Expenditures - current	
Human services	
Animal Control	\$ 124,079
Hendry County's reimbursement percentage of Animal Control expenditures per agreement	67%
Portion of Animal Control expenditures to be paid by Hendry County	83,133
Total received from Hendry County for Animal Control services	<u>61,647</u>
Amount due from Hendry County for the fiscal year ended September 30, 2015	<u><u>\$ 21,486</u></u>

CITY OF CLEWISTON, FLORIDA
Schedule of Expenditures of Federal
Awards and State Financial Assistance
Year Ended September 30, 2015

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	2012-BUBX12062306	\$ 1,150	\$ -	\$ -
(G) Bulletproof Vest Partnership Program	16.607	2014-BUBX14074047	\$ 1,675	583	-
U.S. Department of Justice - Bureau of Justice Assistance					
Passed Through State of Florida, Office of Criminal Justice Grants, Florida Department of Law Enforcement and Passed Through Hendry County BOCC					
Edward Byrne Memorial Justice Assistance Grant Programs					
(G) Clewiston Police Department - Mobile Wireless Computing	16.738	2014-DJ-BX-0393	\$ 5,365	5,365	-
Passed Through State of Florida, Office of Criminal Justice Grants, Florida Department of Law Enforcement					
(G) Mobile Communications Upgrade Initiative	16.738	2015-JAGC-HEND-1-R3-132	\$ 23,643	23,643	-
(G) Mobile Communications Upgrade Phase I	16.738	2015-JAGD-HEND-1-R1-072	\$ 2,343	<u>2,343</u>	<u>-</u>
Total U.S. Department of Justice				<u>31,934</u>	<u>-</u>

CITY OF CLEWISTON, FLORIDA
Schedule of Expenditures of Federal
Awards and State Financial Assistance (continued)
Year Ended September 30, 2015

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 Housing and Urban Development					
Passed Through State of Florida, Department of Economic Opportunity					
Community Development Block Grant - State-Administered Small Cities Program					
(G) Economic Development - Park of Commerce	14.228	07DB-3R-09-36-02-E11	\$ 700,000	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 31,934</u>	<u>\$ -</u>

CITY OF CLEWISTON, FLORIDA
Schedule of Expenditures of Federal
Awards and State Financial Assistance (continued)
Year Ended September 30, 2015

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	14-ST-18	\$ 110,442	\$ 2,922	\$ -
(G) State Aid to Libraries Grant	45.030	15-ST-18	\$ 162,229	<u>162,229</u>	<u>90,055</u>
Total Florida Department of State				<u>165,151</u>	<u>90,055</u>
Florida Fish and Wildlife Conservation Commission					
(G) Florida Boating Improvement Program - City of Clewiston Marina Boat Ramp Parking	77.006	14332	\$ 75,500	39,893	-
Florida Department of Transportation					
(G) Small County Outreach Program and Rural Areas of Opportunity	55.009	G0118	\$ 295,000	<u>10,487</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ 215,531</u>	<u>\$ 90,055</u>

CITY OF CLEWISTON, FLORIDA
Notes to Schedule of Expenditures of Federal
Awards and State Financial Assistance
For the Year Ended September 30, 2015

NOTE A - REPORTING ENTITY

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance includes all the activities of the City of Clewiston's primary government and its blended component unit. The City had no discretely presented component units. Federal award programs and state financial assistance projects recorded in the City's governmental activities are noted by (G). There were no federal award programs or state financial assistance projects recorded in the business-types activities during the fiscal year ended September 30, 2015.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - STATE REVOLVING FUND LOANS

The City had the following State Revolving Fund loan balances outstanding at September 30, 2015. There were no current year additions to the loan balances to be included in the Federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance for the fiscal year ended September 30, 2015.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding as of September 30, 2015</u>
State Revolving Fund	66.458	WW260400	\$572,491
State Revolving Fund	66.458	WW260401	\$286,167

NOTE D - SUBRECIPIENTS

The City provided state financial assistance to subrecipients as follows:

<u>Program Title</u>	<u>State CSFA Number</u>	<u>Amount Transferred to Subrecipient</u>
State Aid to Libraries Grant	45.030	
Harlem Public Library		\$ 47,796
Barron Public Library		<u>42,259</u>
		<u>\$ 90,055</u>

BOY, MILLER, KISKER & PERRY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

401 SOUTH W.C. OWEN AVENUE
P.O. BOX 488
CLEWISTON, FLORIDA 33440

(863) 983-5144
(863) 983-9164
FAX (863) 983-3765
bmkpcpas@aol.com

JOHN B. BOY, JR., C.P.A.
DAVID N. MILLER, C.P.A.
JOHN C. PERRY, C.P.A.
AMY L. SWINDLE, C.P.A.

90 YEOMANS AVENUE
P.O. BOX 490
LABELLE, FLORIDA 33975

(863) 675-3777
FAX (863) 675-0576
bmkpcpas@aol.com

MEMBERS

AMERICAN INSTITUTE OF
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CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Commissioners
City of Clewiston, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clewiston, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Clewiston, Florida's, basic financial statements and have issued our report thereon dated June 17, 2016.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Given the limitations described in the first paragraph of this section, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

City of Clewiston, Florida's, Response to Findings

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

Purpose of this Report

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

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

Clewiston, Florida
June 17, 2016

CITY OF CLEWISTON, FLORIDA
Schedule of Findings and Responses
For the Year Ended September 30, 2015

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

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

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

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

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

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

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

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

Condition: Over the past ten years the unassigned fund balance of the governmental funds of the City has decreased from \$2,678,969 as of September 30, 2006, to a deficit balance of \$1,056,150 as of September 30, 2015. The City has budgeted expenditures for the governmental funds equal to revenues for the fiscal year ending September 30, 2016.

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

Cause: Governmental net revenues have been less than governmental expenditures.

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

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

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

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

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

401 SOUTH W.C. OWEN AVENUE
P.O. BOX 488
CLEWISTON, FLORIDA 33440

(863) 983-5144
(863) 983-9164
FAX (863) 983-3765
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JOHN B. BOY, JR., C.P.A.
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90 YEOMANS AVENUE
P.O. BOX 490
LABELLE, FLORIDA 33975

(863) 675-3777
FAX (863) 675-0576
bmkpcpas@aol.com

MEMBERS
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INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 218.415, FLORIDA STATUTES,
REQUIRED BY RULE 10.556(10)(a) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and City Commissioners
City of Clewiston, Florida

We have examined the City of Clewiston, Florida's, compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10)(a) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for the City of Clewiston, Florida's, compliance with those requirements. Our responsibility is to express an opinion on the City of Clewiston, Florida's, compliance based on our examination.

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

In our opinion, the City of Clewiston, Florida, complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

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

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

Clewiston, Florida
June 17, 2016

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

401 SOUTH W.C. OWEN AVENUE
P.O. BOX 488
CLEWISTON, FLORIDA 33440

(863) 983-5144
(863) 983-9164
FAX (863) 983-3765
bmkpcpas@aol.com

JOHN B. BOY, JR., C.P.A.
DAVID N. MILLER, C.P.A.
JOHN C. PERRY, C.P.A.
AMY L. SWINDLE, C.P.A.

90 YEOMANS AVENUE
P.O. BOX 490
LABELLE, FLORIDA 33975

(863) 675-3777
FAX (863) 675-0576
bmkpcpas@aol.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Clewiston, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Clewiston, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 17, 2016.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 17, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

See Findings 2009-1 and 2012-1 which are described in the Schedule of Findings and Responses on page 97 and were included in the second preceding fiscal year annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4. And 10.556(7), Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the financial statements.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City of Clewiston, Florida, has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Clewiston, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Clewiston, Florida, for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

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

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

Purpose of this Letter

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

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

Clewiston, Florida
June 17, 2016

CITY OF CLEWISTON

115 WEST VENTURA AVENUE

CLEWISTON, FL 33440

TELEPHONE 983-1484
AREA CODE 863

FAX 983-4055
AREA CODE 863

June 17, 2016

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

Reference: City of Clewiston's response to auditors' findings in the Schedule of Findings and Responses for the Fiscal Year 2014-2015.

Dear Ms. Norman:

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

AUDITORS' FINDINGS REPORTED IN THE SCHECULE OF FINDINGS AND RESPONSES

Prior Year Comments Which Continues to Apply

Finding 2009-1 – Internal Control over Financial Reporting

We are a small entity with limited resources. We have made significant progress in preparing the end of year adjustments needed for the auditable financial statements. Improving the year end process and resolving this issue is a goal we intend to keep in the forefront.

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

The City recognizes the significance of this finding. We have implemented cost saving measures within our budget and have researched our revenue streams, comparing them with other like entities to ensure we are in line accordingly. It is our plan to continually seek these objectives. We have been taking this matter into consideration working together to come up with plans that will make a positive impact. One such plan is utilizing sales of "shovel ready" property we have available within our Park of Commerce. It is our intention to replace our much needed reserves with any net proceeds gained from these property sales.

Current Year Comments and Recommendations

None

Sincerely,

CITY OF CLEWISTON



Shari Howell
Finance Director