

CITY OF EVERGLADES  
CITY, FLORIDA

September 30, 2020

BASIC FINANCIAL STATEMENTS,  
TOGETHER WITH  
REPORTS OF INDEPENDENT AUDITORS

## TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| Report of the Independent Auditors   | 1 - 3       |
| Management's Discussion and Analysis   | 4 - 8       |
| Basic Financial Statements   |             |
| Statement of Net Position  | 9           |
| Statement of Activities  | 10          |
| Balance Sheet- Governmental Funds  | 11          |
| Reconciliation of the Balance Sheet to the Statement of Net Position   | 12          |
| Statement of Revenues, Expenses and Changes in Fund Balance  | 13          |
| Reconciliation of the Statement of Revenues, Expenses and Changes<br>in Fund Balance to the Statement of Activities  | 14          |
| Statement of Net Position- Proprietary Fund- Utility   | 15          |
| Statement of Revenues, Expenditures and Changes in Fund Balance-<br>Proprietary Fund- Utility                        | 16          |
| Statement of Cash Flows- Proprietary Fund- Utility   | 17          |
| Notes to Basic Financial Statements  | 18 - 31     |
| Required Supplementary Information   |             |
| Statement of Revenues, Expenses and Changes in Fund Balance-<br>General Fund -Budget and Actual                      | 32          |
| Statement of Revenues, Expenses and Changes in Fund Balance-<br>Proprietary Fund - Budget and Actual                 | 33          |
| Post Employment Benefits other than Pensions - Schedule of Changes in the<br>Total OPEB Liability and Related Ratios | 34          |
| Supplementary Information  |             |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance-<br>Proprietary Fund                       | 35          |

|   | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 36 - 37     |
| Management Letter   | 38 - 39     |
| Report of Independent Accountant on Compliance With Local Government Investment Policies  | 40          |



PHONE: 941.639.6600 | FAX: 941.639.6115  
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950  
AshleyBrownCPAS.com

## **Report of the Independent Auditor**

Honorable Mayor and City Council  
City of Everglades City, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Everglades City, Florida, (the "City") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

## **Auditor's Responsibility, continued**

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other required supplementary information, as provided 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 assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Proprietary Fund, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Proprietary Fund is 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 Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Proprietary Fund is 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 included our report dated June 11, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. 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's internal control over financial reporting and compliance.

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida  
June 11, 2021

Management's  
Discussion & Analysis

**City of Everglades City, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2020**

The discussion and analysis of the City of Everglades City's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at September 30, 2020 by \$8,933,621 (net position). Of this amount, \$1,112,529 unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,213,959 from the previous year.
- As of September 30, 2020, the City's governmental fund reported ending net position of \$1,753,222. This is an increase of \$710,820. The unrestricted net position is \$659,511.
- The City's total long-term liabilities decreased \$410,995 during the current fiscal year.
- Total revenues increased \$827,245 in comparison to prior year
- Total expense decreased \$580,304 in comparison to prior year

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the City's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position (page 9) and The Statement of Activities (page 10) provide information about the activities of the City as a whole and present a longer term view of the City's finances. The statements separate governmental from business-type activities, but both are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The governmental fund financial statements begin on page 11. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation on pages 12 and 14 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the financial (GASB) statements. The Governmental Accounting Standards Board Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

**THE FINANCIAL STATEMENTS**

**The Statement of Net Position and the Statement of Activities**

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. For purposes of these statements, government type activities are measured and reported using the economic resource measurement focus and the accrual basis of accounting.



**City of Everglades City, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2020**

**The Statement of Net Position and the Statement of Activities, Continued**

The statement of net position presents information on all of the City's assets. 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 fiscal year 2019-2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of these financial statements distinguish the primary types of functions of the City defined as:

Governmental activities - Most of the City's basic services are reported here, including public works, community development, parks, and general administration. Major revenues supporting these activities are property taxes, utility and gas taxes, charges for services, franchise fees, with lesser revenues from building permits, fees, grants, and rentals and leases.

Business Type activities- The City operates a Sewer and Water Treatment Plant. Revenues are derived from user fees (charges for services).

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 can be found beginning on page 18.

**Required Supplementary Information**

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis, the MD&A; budgetary comparisons; and post employment benefits (OPEB) other than pension schedules.

**THE CITY AS A WHOLE**

The City's combined net position as of September 30, 2020 was \$8,933,621. The City's combined revenues, including contributions, grants, charges for services and taxes were \$3,163,235. Total expenses, citywide were \$1,949,276.

**City of Everglades City, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2020**

**THE CITY AS A WHOLE, CONTINUED**

**NET POSITION**

|   | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                    | <u>Total Primary Government</u> |                    |
|---|--------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|--------------------|
|   | <u>2020</u>                    | <u>2019</u>        | <u>2020</u>                     | <u>2019</u>        | <u>2020</u>                     | <u>2019</u>        |
| Current and other assets                          | \$ 790,543                     | \$ 451,405         | \$ 853,027                      | \$ 403,982         | \$1,643,570                     | \$ 855,387         |
| Capital assets (net of accumulated depreciation): | 1,039,538                      | 861,910            | 8,395,622                       | 8,527,754          | 9,435,160                       | 9,389,664          |
| Total assets                                      | <u>1,830,081</u>               | <u>1,313,315</u>   | <u>9,248,649</u>                | <u>8,931,736</u>   | <u>11,078,730</u>               | <u>10,245,051</u>  |
| Long-term liabilities:                            | 41,929                         | 232,329            | 1,830,946                       | 2,060,998          | 1,872,875                       | 2,293,327          |
| Other liabilities                                 | 34,930                         | 38,584             | 237,304                         | 193,478            | 272,234                         | 232,062            |
| Total liabilities                                 | <u>76,859</u>                  | <u>270,913</u>     | <u>2,068,250</u>                | <u>2,254,476</u>   | <u>2,145,109</u>                | <u>2,525,389</u>   |
| Net Position:                                     |                                |                    |                                 |                    |                                 |                    |
| Investment in capital assets, net of related debt | 1,039,538                      | 861,910            | 6,448,655                       | 6,439,096          | 7,488,193                       | 7,301,006          |
| Reserved for:                                     |                                |                    |                                 |                    |                                 |                    |
| Infrastructure                                    | 54,173                         | 70,194             | -                               | -                  | 54,173.00                       | 70,194.00          |
| Debt service                                      | -                              | -                  | 278,726                         | 246,924            | 278,726                         | 246,924            |
| Unrestricted                                      | <u>659,511</u>                 | <u>110,298</u>     | <u>453,018</u>                  | <u>(8,760)</u>     | <u>1,112,529</u>                | <u>101,538</u>     |
| Net Position                                      | <u>\$1,753,222</u>             | <u>\$1,042,402</u> | <u>\$7,180,399</u>              | <u>\$6,677,260</u> | <u>\$8,933,621</u>              | <u>\$7,719,662</u> |

The largest portion of the City's assets (84%) reflect its investment in capital assets (land, buildings, plant and equipment) less outstanding debt used to acquire those assets. The City uses those assets to provide services to citizens, consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net position is subject to external restrictions on how it may be used. The remaining balance, unrestricted net position, may be used to meet the City's ongoing obligations to citizens and creditors.

**City of Everglades City, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2020**

**THE CITY AS A WHOLE, CONTINUED**

**CHANGES IN NET POSITION**

|                                     | Governmental Activities |             | Business-type Activities |             | Total Primary Government |             |
|-------------------------------------|-------------------------|-------------|--------------------------|-------------|--------------------------|-------------|
|                                     | 2020                    | 2019        | 2020                     | 2019        | 2020                     | 2019        |
| Revenues:                           |                         |             |                          |             |                          |             |
| Program Revenues:                   |                         |             |                          |             |                          |             |
| Charges for services                | \$ 13,663               | \$ 6,754    | \$1,709,049              | \$1,130,347 | \$1,722,712              | \$1,137,101 |
| Grants and contributions            | 359,125                 | 287,226     | 114,920                  | 21,828      | 474,045                  | 309,054     |
| General Revenues:                   |                         |             |                          |             |                          |             |
| Property taxes                      | 439,586                 | 381,648     | -                        | -           | 439,586                  | 381,648     |
| Franchise fees                      | 55,468                  | 54,073      | -                        | -           | 55,468                   | 54,073      |
| Utility and gas tax                 | 98,610                  | 99,724      | -                        | -           | 98,610                   | 99,724      |
| Rental income                       | 82,190                  | 77,639      | -                        | -           | 82,190                   | 77,639      |
| Other income                        | 272,447                 | 271,366     | 18,177                   | 5,385       | 290,624                  | 276,751     |
| Total revenues                      | 1,321,089               | 1,178,430   | 1,842,146                | 1,157,560   | 3,163,235                | 2,335,990   |
| Expenses:                           |                         |             |                          |             |                          |             |
| General government                  | 294,034                 | 439,874     | -                        | -           | 294,034                  | 439,874     |
| Public safety                       | 97,195                  | 271,092     | -                        | -           | 97,195                   | 271,092     |
| Human Services                      | 24,965                  | 39,067      | -                        | -           | 24,965                   | 39,067      |
| Transportation                      | 86,892                  | 154,377     | -                        | -           | 86,892                   | 154,377     |
| Culture & recreation                | 107,182                 | 164,764     | -                        | -           | 107,182                  | 164,764     |
| Water & sewer                       | -                       | -           | 1,339,007                | 1,460,406   | 1,339,007                | 1,460,406   |
| Total expenses                      | 610,269                 | 1,069,174   | 1,339,007                | 1,460,406   | 1,949,276                | 2,529,580   |
| Increase (decrease) in net position | 710,820                 | 109,256     | 503,139                  | (302,846)   | 1,213,959                | (193,590)   |
| Net position - beginning            | 1,042,402               | 933,146     | 6,677,260                | 6,980,106   | 7,719,662                | 7,913,252   |
| Net Position - ending               | \$1,753,222             | \$1,042,402 | \$7,180,399              | \$6,677,260 | \$8,933,621              | \$7,719,662 |

Total Primary Government revenues increased by \$827,2145 or 35.4% from the prior year. Total Governmental Activities increased \$142,659 or 12.1%. The Business-type Activities increased \$684,586 or 59.1%.

Total Primary Government expenses decreased by \$580,304 or 22.9% from the prior year. Total Governmental Activities decreased \$458,905 or 42.9%. The Business-type Activities decreased \$121,399 or 8.3%.

**City of Everglades City, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2020**

**Capital Assets**

The City's capital assets as of September 30, 2020 reflect an investment of \$9,435,160 net of accumulated depreciation.

**CAPITAL ASSETS AT YEAR END**

|                                   | Governmental Activities |                   | Business-type Activities |                    | Total Primary Government |                    |
|-----------------------------------|-------------------------|-------------------|--------------------------|--------------------|--------------------------|--------------------|
|                                   | 2020                    | 2019              | 2020                     | 2019               | 2020                     | 2019               |
| Land                              | \$ 231,383              | \$ 231,383        | \$ 405,378               | \$ 405,378         | \$ 636,761               | \$ 636,761         |
| Buildings                         | 383,013                 | 383,013           | 169,678                  | 32,925             | 552,691                  | 415,938            |
| Improvements other than buildings | 479,182                 | 317,843           | -                        | -                  | 479,182                  | 317,843            |
| Infrastructure                    | 1,091,928               | 1,091,928         | 13,612,070               | 13,606,383         | 14,703,998               | 14,698,311         |
| Equipment & Furniture             | 125,455                 | 40,862            | 1,019,132                | 871,846            | 1,144,587                | 912,708            |
| Vehicles                          | 62,141                  | 55,500            | 12,000                   | 3,000              | 74,141                   | 58,500             |
| Accumulated depreciation          | (1,333,564)             | (1,258,619)       | (6,822,636)              | (6,391,778)        | (8,156,200)              | (7,650,397)        |
| <b>Total capital assets</b>       | <b>\$1,039,538</b>      | <b>\$ 861,910</b> | <b>\$8,395,622</b>       | <b>\$8,527,754</b> | <b>\$9,435,160</b>       | <b>\$9,389,664</b> |

For additional information regarding capital assets refer to footnotes 4.

**Debt**

As of September 30, 2020, the City had \$951,230 in bonds payable and \$995,738 in notes payable in the governmental activities. This is a decrease of \$126,813 compared to the prior year.

For additional information regarding debt refer to footnote 6.

**Economic Outlook**

The following were factors considered when next year's budget (2020-2021) was prepared:

- Property values increased by \$432,829 or 0.47% to \$92,873,631.
- The City assessed a millage rate of 5.2378. This is expected to generate \$486,454 in Ad valorem tax revenue. The City's total budget is \$4,344,722. The General Fund budget is \$1,967,951 and the Proprietary Fund budget is \$2,376,771.

# Basic Financial Statements

**City of Everglades City, Florida**  
**Statement of Net Position**  
**September 30, 2020**

|  | Primary Government         |                             |                     |
|--|----------------------------|-----------------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |
| <b>ASSETS</b>  |                            |                             |                     |
| Cash   | \$ 485,319                 | \$ 711,206                  | \$ 1,196,525        |
| Cash restricted for infrastructure                   | 54,173                     | -                           | 54,173              |
| Accounts receivable                                  | 229,055                    | 128,289                     | 357,344             |
| Prepaid expenses                                     | 21,996                     | 10,506                      | 32,502              |
| Other current assets                                 | -                          | 3,026                       | 3,026               |
| Capital assets                                       |                            |                             |                     |
| Land   | 231,383                    | 405,378                     | 636,761             |
| Buildings  | 383,013                    | 169,678                     | 552,691             |
| Improvements other than buildings                    | 479,182                    | -                           | 479,182             |
| Infrastructure/utility system                        | 1,091,928                  | 13,612,070                  | 14,703,998          |
| Machinery and equipment                              | 125,455                    | 1,019,132                   | 1,144,587           |
| Vehicles   | 62,141                     | 12,000                      | 74,141              |
| Less accumulated depreciation                        | (1,333,564)                | (6,822,636)                 | (8,156,200)         |
| <b>Total assets</b>                                  | <b>1,830,081</b>           | <b>9,248,649</b>            | <b>11,078,730</b>   |
| <b>LIABILITIES</b>                                   |                            |                             |                     |
| Short-term Liabilities                               |                            |                             |                     |
| Accounts payable                                     | 34,930                     | 46,093                      | 81,023              |
| Customer security deposits                           | -                          | 51,468                      | 51,468              |
| Interest payable                                     | -                          | 3,073                       | 3,073               |
| Notes payable due within one year                    | -                          | 77,670                      | 77,670              |
| Bonds payable due within one year                    | -                          | 59,000                      | 59,000              |
| Long-term Liabilities:                               |                            |                             |                     |
| Notes payable due in more than one year              | -                          | 918,067                     | 918,067             |
| Bonds payable due in more than one year              | -                          | 892,230                     | 892,230             |
| Total OPEB Liability                                 | 41,929                     | 20,649                      | 62,578              |
| <b>Total liabilities</b>                             | <b>76,859</b>              | <b>2,068,250</b>            | <b>2,145,109</b>    |
| <b>NET POSITION</b>                                  |                            |                             |                     |
| Investment in capital assets,<br>net of related debt | 1,039,538                  | 6,448,655                   | 7,488,193           |
| Restricted for:                                      |                            |                             |                     |
| Infrastructure                                       | 54,173                     | -                           | 54,173              |
| Debt service   | -                          | 278,726                     | 278,726             |
| Unrestricted   | 659,511                    | 453,018                     | 1,112,529           |
| <b>Total net position</b>                            | <b>\$ 1,753,222</b>        | <b>\$ 7,180,399</b>         | <b>\$ 8,933,621</b> |

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Statement of Activities**  
**For the fiscal year ended September 30, 2020**

| Functions/Programs                   | Expenses            | Program Revenues           |  | Net (Expense) Revenue<br>and Changes in Net Position |                                 |                   |
|--------------------------------------|---------------------|----------------------------|--|--|---------------------------------|-------------------|
|                                      |                     | Charges<br>for<br>Services | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-<br>Type<br>Activities | Total             |
| <b>Governmental activities</b>       |                     |                            |  |  |                                 |                   |
| General government                   | \$ 294,034          | \$ 765                     | \$ 359,125                             | \$ 65,856  | \$ -                            | \$ 65,856         |
| Public safety                        | 97,195              | -                          | -                                      | (97,195)   | -                               | (97,195)          |
| Human Services                       | 24,965              | -                          | -                                      | (24,965)   | -                               | (24,965)          |
| Transportation                       | 86,892              | -                          | -                                      | (86,892)   | -                               | (86,892)          |
| Culture & recreation                 | 107,182             | 12,898                     | -                                      | (94,284)   | -                               | (94,284)          |
| <b>Total governmental activities</b> | <b>610,269</b>      | <b>13,663</b>              | <b>359,125</b>                         | <b>(237,481)</b>                                     | <b>-</b>                        | <b>(237,481)</b>  |
| <b>Business-type activities</b>      |                     |                            |  |  |                                 |                   |
| Water & sewer                        | 1,339,007           | 1,709,049                  | 114,920                                | -  | 484,962                         | 484,962           |
| <b>Total primary government</b>      | <b>\$ 1,949,276</b> | <b>\$ 1,722,712</b>        | <b>\$ 474,045</b>                      | <b>\$ (237,481)</b>                                  | <b>\$ 484,962</b>               | <b>\$ 247,481</b> |

**General Revenues:**

|   |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Property taxes                                  | \$ 439,586          | \$ -                | \$ 439,586          |
| Franchise fees, licenses and permits            | 55,468              | -                   | 55,468              |
| Unrestricted state shared revenues              | 67,986              | -                   | 67,986              |
| Restricted state shared revenues                | 93,728              | -                   | 93,728              |
| Gas taxes                                       | 29,732              | -                   | 29,732              |
| Other taxes                                     | 68,878              | -                   | 68,878              |
| Rental income                                   | 82,190              | -                   | 82,190              |
| Donations                                       | 104,504             | 12,000              | 116,504             |
| Miscellaneous income                            | 6,229               | 6,177               | 12,406              |
| <b>Total general revenues</b>                   | <b>948,301</b>      | <b>18,177</b>       | <b>966,478</b>      |
| <b>Change in net position</b>                   | <b>710,820</b>      | <b>503,139</b>      | <b>1,213,959</b>    |
| <b>Net position - beginning October 1, 2019</b> | <b>1,042,402</b>    | <b>6,677,260</b>    | <b>7,719,662</b>    |
| <b>Net position - ending September 30, 2020</b> | <b>\$ 1,753,222</b> | <b>\$ 7,180,399</b> | <b>\$ 8,933,621</b> |

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Balance Sheet - Governmental Funds**  
**September 30, 2020**

|  | <u>General<br/>Fund</u>  |
|--|--------------------------|
| <b>ASSETS</b>                              |                          |
| Cash                                       | \$ 485,319               |
| Cash restricted for infrastructure         | 54,173                   |
| Accounts receivable                        | 229,055                  |
| Prepaid expenses                           | 21,996                   |
| <b>Total assets</b>                        | <u><u>\$ 790,543</u></u> |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |                          |
| <b>LIABILITIES</b>                         |                          |
| Accounts payable                           | \$ 34,930                |
| <b>Total Liabilities</b>                   | <u>34,930</u>            |
| <br><b>FUND BALANCE</b>                    |                          |
| Restricted                                 | 158,787                  |
| Unassigned                                 | <u>596,826</u>           |
| Total fund balances                        | <u>755,613</u>           |
| <b>Total liabilities and fund balances</b> | <u><u>\$ 790,543</u></u> |

*The accompanying notes are an integral and essential part of these financial statements.*



**City of Everglades City, Florida**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**September 30, 2020**

|                                 |    |         |
|---------------------------------|----|---------|
| Total governmental fund balance | \$ | 755,613 |
|---------------------------------|----|---------|

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 are therefore not reported in the governmental funds

|                          |                    |           |
|--------------------------|--------------------|-----------|
| Cost of assets           | 2,373,102          |           |
| Accumulated depreciation | <u>(1,333,564)</u> | 1,039,538 |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at fiscal year-end consist of:

|                                |  |                 |
|--------------------------------|--|-----------------|
| Other post-employment benefits |  | <u>(41,929)</u> |
|--------------------------------|--|-----------------|

|              |    |                         |
|--------------|----|-------------------------|
| Net Position | \$ | <u><u>1,753,222</u></u> |
|--------------|----|-------------------------|

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**For the fiscal year ended September 30, 2020**

| <b>REVENUES</b>                         | <u>General<br/>Fund</u>  |
|---|--------------------------|
| Taxes                                   | \$ 699,910               |
| Intergovernmental                       | 359,125                  |
| Franchise fees, licenses, and permits   | 55,468                   |
| Donations                               | 104,504                  |
| Rentals and leases                      | 82,190                   |
| Other revenues                          | <u>19,893</u>            |
| <b>Total revenues</b>                   | <u>1,321,090</u>         |
| <b>EXPENDITURES</b>                     |                          |
| Current                                 |                          |
| Personal Services                       | 334,005                  |
| Operating Expenses                      | 391,721                  |
| Capital Outlay                          | <u>252,572</u>           |
| <b>Total expenditures</b>               | 978,298                  |
| <b>Net Change in Fund Balance</b>       | 342,792                  |
| <b>FUND BALANCE, October 1, 2019</b>    | <u>412,821</u>           |
| <b>FUND BALANCE, September 30, 2020</b> | <u><u>\$ 755,613</u></u> |

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balance of the Governmental Funds to the Statement of Activities**  
**For the fiscal year ended September 30, 2020**

Net change in fund balance - total governmental funds \$ 342,792

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 and capital asset adjustments exceeded expenditures for capital assets in the current period:

|                      |                 |         |
|----------------------|-----------------|---------|
| Capital outlay       | 252,572         |         |
| Depreciation expense | <u>(74,945)</u> | 177,627 |

The decrease in other post-employment benefits is a reduction of expense in the Statement of Activities, but does not require a use of current financial resources and is not reported in the fund financial statements. 190,401

Change in net position \$ 710,820

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Statement of Net Position - Proprietary Fund - Utility**  
**September 30, 2020**

|   | <b>Business-Type<br/>Activities</b> |
|---|-------------------------------------|
| <b>ASSETS</b>                                     |                                     |
| <b>CURRENT ASSETS</b>                             |                                     |
| Cash  | \$ 711,206                          |
| Accounts receivable                               | 128,289                             |
| Prepaid expenses                                  | 10,506                              |
| Other current assets                              | 3,026                               |
| Total current assets                              | 853,027                             |
| <b>NONCURRENT/CAPITAL ASSETS</b>                  |                                     |
| Land  | 405,378                             |
| Buildings   | 169,678                             |
| Infrastructure/utility system                     | 13,612,070                          |
| Machinery and equipment                           | 1,019,132                           |
| Vehicles  | 12,000                              |
| Less accumulated depreciation                     | (6,822,636)                         |
| Total noncurrent assets                           | 8,395,622                           |
| <b>TOTAL ASSETS</b>                               | <b>9,248,649</b>                    |
| <b>LIABILITIES</b>                                |                                     |
| <b>CURRENT LIABILITIES</b>                        |                                     |
| Accounts payable                                  | 46,093                              |
| Interest and loan fees payable                    | 3,073                               |
| Customer security deposits                        | 51,468                              |
| Current portion of notes payable                  | 77,670                              |
| Current portion of bonds payable                  | 59,000                              |
| Total current liabilities                         | 237,304                             |
| <b>NONCURRENT LIABILITIES</b>                     |                                     |
| Long term portion of notes payable                | 918,067                             |
| Long term portion of bonds payable                | 892,230                             |
| Total OPEB Liability                              | 20,649                              |
| Total noncurrent liabilities                      | 1,830,946                           |
| <b>TOTAL LIABILITIES</b>                          | <b>2,068,250</b>                    |
| <b>NET POSITION</b>                               |                                     |
| Investment in capital assets, net of related debt | 6,448,655                           |
| Restricted for:                                   |                                     |
| Debt service                                      | 278,726                             |
| Unrestricted                                      | 453,018                             |
| <b>TOTAL NET POSITION</b>                         | <b>\$ 7,180,399</b>                 |

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund - Utility**  
**For the fiscal year ended September 30, 2020**

**OPERATING REVENUES**

|                         |              |
|-------------------------|--------------|
| Charges for services    | \$ 1,709,049 |
| Miscellaneous revenue   | 6,127        |
| Total operating revenue | 1,715,176    |

**OPERATING EXPENSES**

|                              |           |
|------------------------------|-----------|
| Personal services            | 61,150    |
| Insurance                    | 32,824    |
| Contractual services         | 454,185   |
| Materials and supplies       | 119,425   |
| Depreciation                 | 433,431   |
| Utilities                    | 67,455    |
| Repairs and maintenance      | 96,460    |
| Total operating expenditures | 1,264,930 |

|                         |         |
|-------------------------|---------|
| Operating income (loss) | 450,246 |
|-------------------------|---------|

**NON-OPERATING REVENUES (EXPENSES)**

|   |          |
|---|----------|
| Intergovernmental revenue               | 114,970  |
| Donated assets                          | 12,000   |
| Loss on disposal of capital assets      | (427)    |
| Interest expense and loan fees          | (73,650) |
| Total non-operating revenues (expenses) | 52,893   |

|                        |         |
|------------------------|---------|
| Change in net position | 503,139 |
|------------------------|---------|

|  |           |
|--|-----------|
| Net position - beginning October 1, 2019 | 6,677,260 |
|--|-----------|

|  |              |
|--|--------------|
| Net position - ending September 30, 2020 | \$ 7,180,399 |
|--|--------------|

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Statement of Cash Flows - Proprietary Fund - Utility**  
**For the fiscal year ended September 30, 2020**

|   |                   |
|---|-------------------|
| Cash flows from operating activities:   |                   |
| Cash received from customers and agencies   | \$ 1,677,048      |
| Cash payments to suppliers for goods and services                                       | (737,200)         |
| Cash payments to employees for services   | (155,991)         |
| Customer deposits received  | 1,140             |
| Net cash provided by operating activities   | <u>784,997</u>    |
| Cash flows used for capital and related financing activities                            |                   |
| Cash received from intergovernmental agencies   | 114,970           |
| Acquisition of capital assets   | (289,726)         |
| Principal paid on debt  | (126,813)         |
| Interest and fiscal charges paid  | (73,650)          |
| Net cash used in investing activities   | <u>(375,219)</u>  |
| Net increase in cash and cash equivalents   | 409,778           |
| Cash and cash equivalents, October 1, 2019  | <u>301,428</u>    |
| Cash and cash equivalents, September 30, 2020   | <u>\$ 711,206</u> |
| Reconciliation of operating income to net cash provided by operating activities:        |                   |
| Operating income  | \$ 450,246        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                   |
| Depreciation  | 433,431           |
| Increase in accounts receivable   | (35,853)          |
| Increase in prepaid expenses  | (1,139)           |
| Increase in other current assets  | (2,275)           |
| Increase in accounts payable  | 34,266            |
| Decrease in accrued expenses  | (1,059)           |
| Increase in customer deposits   | 1,140             |
| Increase in interest and loan fees payable  | 22                |
| Change in OPEB liability  | (93,782)          |
| Net cash provided by operating activities   | <u>\$ 784,997</u> |

*The accompanying notes are an integral and essential part of these financial statements.*

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies**

**Reporting Entity**

The City of Everglades City, Florida (the "City"), was incorporated as the Town of Everglades in 1923 pursuant to Chapter 9751 Laws of Florida. The Charter of the Town of Everglades was abolished in 1953 and replaced by Chapter 29068 Laws of Florida, Acts of 1953 creating the City of Everglades City. The City is governed by an elected Mayor and an elected five-member City Council, and provides the following services: recreation, public safety, street and roads, planning and zoning, water and sewer services and general and administrative services.

Governmental Accounting Standards Board (GASB) Statement No. 14, *Financial Reporting Entity*, requires the financial statements of the City (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, there are no component units required to be included in the City's financial statements.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. Governmental activities, which are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees, charges for services, and grant funds. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies, Continued**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation, continued**

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

Property taxes, franchise fees, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Major Funds**

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary utility fund are charges to customers for services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Series 1981 \$642,000 and Series 2002 \$1,148,230 Revenue Bonds debt service is included in the proprietary fund and used to account for the accumulation of resources for, and the payment of, the principal and interest on bonds.

**Net Position**

Net position of the government-wide financial statements are categorized as follows:

|  |   |
|--|---|
| Invested in capital assets,<br>net of related debt | Capital assets net of accumulated depreciation and reduced by the outstanding balance of the loan payable that is attributable to the acquisition, construction or improvement of capital assets. |
| Restricted   | Restricted net position has constraints placed on the uses of resources by state stature, City land development code, debt covenants and contributors.  |
| Unrestricted                                       | Net position that has not been reported in any other category.  |



**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies, Continued**

**Accounts Receivable**

No allowance for losses on uncollectible accounts has been recorded since the District considers all amounts to be fully collectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges, sidewalks and similar items), are reported in the applicable column in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects after constructed. Property, plant and equipment is depreciated using the straight- line method over the following useful lives:

| <u>Assets</u>                     | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings                         | 15 - 40      |
| Improvements other than buildings | 15 - 30      |
| Infrastructure                    | 25 - 50      |
| Machinery, equipment and vehicles | 5 - 40       |

**Long-term Obligations**

Long-term debt is recognized as a liability in the applicable governmental activity of the statement of net position when due, or when resources have been accumulated in the in the following year.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the City to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies, Continued**

**Fund Balances**

The governmental fund financial statements fund balance is reported in five classifications.

|              |  |
|--------------|--|
| Nonspendable | Advances for long term loans and receivables represented as fund balance amounts that are not in spendable form.   |
| Restricted   | Restricted fund balances have constraints placed on the uses of resources by state stature, City land development code, debt covenants and contributors.   |
| Committed    | Committed fund balances are classified as such as a result of City Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the City's highest level of decision-making authority. The City does not have any committed fund balance. |
| Assigned     | Assigned fund balances are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City approves the disaster and operating reserves during the adoption of the City's budget.  |
| Unassigned   | Fund balance that has not been reported in any other classification.   |

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Budgets and Budgetary Accounting**

The following procedures are used by the City in establishing the budgetary data reflected in the non-GAAP City-wide budget vs. actual schedule. The City prepares it's budget at the entity wide level which combines both the general and business-type funds.

1. During the summer, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance required by City Charter and a resolution required by the State of Florida.
4. Budget amounts, as shown in the budget vs. actual schedule are as originally adopted, and/or as amended, if applicable, by the City Council.
5. Governmental Funds that do not have a legally adopted budget are not included in schedule. Therefore, the Debt Service Funds are not presented.
6. The level of control for appropriations is exercised at the functional level.

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1 - Organization and Summary of Significant Accounting Policies, Continued**

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is, at present, not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Note 2 - Cash and Investments**

At September 30, 2020, the carrying amount of the City's deposits was \$1,250,698 and the bank balance was \$1,265,541. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security For Public Deposits Act (Florida Statutes Chapter 280).

Florida Statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, obligations of the U.S. Government and governmental agencies unconditionally guaranteed by the U.S. Government. The City's investment policy permits the investment in investment savings accounts and certificates of deposit with state-certified, qualified public depositories. The City held no investments at year-end or any other time during the fiscal year.

The restricted assets of the general fund was comprised of cash restricted for infrastructure. The cash balance at September 30, 2020 was \$54,173.

**Note 3 - Property Taxes**

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Collier County, Florida, Tax Collector's Office bills and collects property taxes on behalf of the City. The tax rate to finance general governmental services and general obligation debt service for the fiscal year ended September 30, 2020 was \$5.2378 per \$1,000 of assessed property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. Unpaid taxes become delinquent and a lien is placed on the property. The past due tax certificates are sold at public auction and the proceeds thus collected are remitted to the City.

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 3 - Property Taxes, Continued**

The property tax calendar is approximately as follows:

|                      |  |
|----------------------|--|
| July 1               | Assessment roll validated  |
| September 30         | Millage ordinance approved and taxes levied following certification of assessment roll |
| October 1            | Beginning of fiscal year for which tax is to be levied                                 |
| November 1           | Tax bills rendered and due   |
| November 1 - March 1 | Property taxes due with various discounts  |
| April 1              | Taxes delinquent   |
| May 31               | Tax certificates sold by Collier County  |

**Note 4 - Changes in Fixed Assets**

A summary of changes in general fixed assets follows:

| <b>Governmental Activities</b>               | Beginning<br>Balance<br>10/1/2019 | Additions  | Deletions | Ending<br>Balance<br>9/30/2020 |
|--|-----------------------------------|------------|-----------|--------------------------------|
| Capital assets, not being depreciated:       |                                   |            |           |                                |
| Land   | \$ 231,383                        | \$ -       | \$ -      | \$ 231,383                     |
| Total capital assets, not being depreciated  | 231,383                           | -          | -         | 231,383                        |
| Capital assets, being depreciated:           |                                   |            |           |                                |
| Buildings                                    | 383,013                           | -          | -         | 383,013                        |
| Improvements other than buildings            | 317,843                           | 161,339    | -         | 479,182                        |
| Infrastructure                               | 1,091,928                         | -          | -         | 1,091,928                      |
| Equipment & Furniture                        | 40,862                            | 84,593     | -         | 125,455                        |
| Vehicles                                     | 55,500                            | 6,641      | -         | 62,141                         |
| Total capital assets, being depreciated      | 1,889,146                         | 252,573    | -         | 2,141,719                      |
| Less accumulated depreciation for:           |                                   |            |           |                                |
| Buildings                                    | (378,814)                         | (2,098)    | -         | (380,912)                      |
| Improvements other than buildings            | (120,631)                         | (23,754)   | -         | (144,385)                      |
| Infrastructure                               | (709,750)                         | (27,298)   | -         | (737,048)                      |
| Equipment & Furniture                        | (35,945)                          | (12,145)   | -         | (48,090)                       |
| Vehicles                                     | (13,479)                          | (9,650)    | -         | (23,129)                       |
| Total accumulated depreciation               | (1,258,619)                       | (74,945)   | -         | (1,333,564)                    |
| Total capital assets, being depreciated, net | 630,527                           | 177,628    | -         | 808,155                        |
| Governmental activities capital assets, net  | \$ 861,910                        | \$ 177,628 | \$ -      | \$ 1,039,538                   |

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 4 - Changes in Fixed Assets, Continued**

| <b>Business-Type Activities</b>                  | Beginning<br>Balance<br>10/1/2019 | Additions               | Deletions           | Ending<br>Balance<br>9/30/2020 |
|--|-----------------------------------|-------------------------|---------------------|--------------------------------|
| Capital assets, not being depreciated:           |                                   |                         |                     |                                |
| Land   | \$ 405,378                        | \$ -                    | \$ -                | \$ 405,378                     |
| Total capital assets, not being depreciated      | 405,378                           | -                       | -                   | 405,378                        |
| Capital assets, being depreciated:               |                                   |                         |                     |                                |
| Buildings  | 32,925                            | 136,753                 | -                   | 169,678                        |
| Infrastructure                                   | 13,606,383                        | 5,687                   | -                   | 13,612,070                     |
| Equipment & Furniture                            | 871,846                           | 147,286                 | -                   | 1,019,132                      |
| Vehicles   | 3,000                             | 12,000                  | (3,000)             | 12,000                         |
| Total capital assets, being depreciated          | 14,514,154                        | 301,726                 | (3,000)             | 14,812,880                     |
| Less accumulated depreciation for:               |                                   |                         |                     |                                |
| Buildings  | (30,760)                          | (4,713)                 | -                   | (35,473)                       |
| Infrastructure                                   | (6,011,873)                       | (313,743)               | -                   | (6,325,616)                    |
| Equipment & Furniture                            | (346,786)                         | (113,261)               | -                   | (460,047)                      |
| Vehicles   | (2,359)                           | (1,714)                 | 2,573               | (1,500)                        |
| Total accumulated depreciation                   | (6,391,778)                       | (433,431)               | 2,573               | (6,822,636)                    |
| <br>Total capital assets, being depreciated, net | <br>8,122,376                     | <br>(131,705)           | <br>(427)           | <br>7,990,244                  |
| <br>Business-type activities capital assets, net | <br><u>\$ 8,527,754</u>           | <br><u>\$ (131,705)</u> | <br><u>\$ (427)</u> | <br><u>\$ 8,395,622</u>        |

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

|   |                       |
|---|-----------------------|
| Governmental activities:                                  |                       |
| General government  | \$ 10,448             |
| Culture and recreation                                    | 25,634                |
| Public safety   | 3,373                 |
| Transportation  | 35,490                |
| <br>Total depreciation expense- governmental activities   | <br><u>\$ 74,945</u>  |
| Business-type activities:                                 |                       |
| Water   | \$ 219,628            |
| Sewer   | 213,803               |
| <br>Total depreciation expense - business type activities | <br><u>\$ 433,431</u> |

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 5 - Rental Agreements**

The City is the lessor of approximately 80 marina boat dock slips, land for communication towers and excess office and recreation space under various operating lease agreements. The lease agreement with the communications company covers multiple years, whereas the others all expire annually with renewal options for the next year. Total revenue generated from property rentals for the year ended September 30, 2020 was \$82,190.

**Note 6 - Long Term Debt**

Changes in bond indebtedness and notes payable of the City for the year ended September 30, 2020 are summarized below:

|                    | Governmental     |                  | Business-Type Activities |                   | Total               |
|--------------------|------------------|------------------|--------------------------|-------------------|---------------------|
|                    | Activities       |                  |                          |                   |                     |
|                    | OPEB<br>Payable  | OPEB<br>Payable  | Revenue<br>Bonds         | Notes<br>Payable  |                     |
| Debt payable at    |                  |                  |                          |                   |                     |
| October 1, 2019    | \$ 232,329       | \$ 114,431       | \$ 1,007,230             | \$ 1,066,550      | \$ 2,420,540        |
| Debt Issued        | -                | -                | -                        | -                 | -                   |
| Debt retired       | -                | -                | (56,000)                 | (70,813)          | (126,813)           |
| Additions          | 18,485           | 9,104            | -                        | -                 | 27,589              |
| Deductions         | (208,885)        | (102,886)        | -                        | -                 | (311,771)           |
|                    | <u>\$ 41,929</u> | <u>\$ 20,649</u> | <u>\$ 951,230</u>        | <u>\$ 995,737</u> | <u>\$ 2,009,545</u> |
| September 30, 2020 |                  |                  |                          |                   |                     |
| Short term portion | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 59,000</u>         | <u>\$ 77,670</u>  |                     |

**Revenue Bonds**

\$1,148,230 Water and Sewer Revenue Bonds, Series 2002, interest payable at 4.625%, due annually on January 1, principal amounts varying through 2042, collateralized by a lien on gross revenues derived from the municipal water and sewer system and a portion of the City's share of State revenue sharing trust funds. \$ 880,230

\$642,100 Revenue Bonds, Series 1981,(issued on parity with the Series 1971 Bonds) interest payable at 5%, due annually on January 1, principal amounts varying through 2022, collateralized by a lien on gross revenues derived from the municipal water and sewer system and a portion of the City's share of State revenue sharing trust funds. 71,000

**Total Business Type- Revenue Bonds** \$ 951,230

The related bond resolutions established certain accounts and determined the order in which revenue is to be deposited into those accounts. The purpose of the accounts, in order of priority of revenue transfers, is as follows:

**Sinking Fund Account** - Deposit monthly amounts necessary to fund the principal and interest coming due each year in January.

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 6 - Long Term Debt, Continued**

**Revenue Bonds**

**Reserve Account** - Deposit monthly and maintain sufficient amounts in the Reserve Fund such that at all times the balance will be no less than an amount equal to the maximum stated reserve requirement.

**Remaining Monies** - Any monies remaining, after the transfers to the previously mentioned accounts, may be used by the City in any manner provided by law.

**Notes Payable**

\$614,293, decreased to \$589,116 in September 2015, loan from the Florida Department of Environmental Protection in conjunction with a grant in the amount of \$2,617,079 of which \$2,027,963 is structured as debt forgiveness, excluding capitalized interest and loan service fees. These funds are to be utilized for the final design of the well field and water plant improvements, permitting and conversion of two exploratory drinking water wells into production wells, including instrumentation and controls, the construction of well pumps and pipeline to connect the new wells with the existing water treatment plant. An amendment to the original loan agreement was effective in fiscal years 2012, 2014 and 2015. \$ 485,784

\$120,233, loan from the Florida Department of Environmental Protection reduced from \$601,166 in March 2016 in conjunction with a grant in the amount of \$142,326, reduced to \$44,957 in September 2015. These funds are to be utilized for the construction of the wastewater collection, transmission and treatment facility. An amendment to the original loan agreement was effective in fiscal year 2016. Payments do not begin until February of 2017. 54,806

\$507,300, settlement payable, to Veolia Water North America-South, LLC on November 5, 2019, for services rendered in 2017. Monthly payments of \$5,950.41 for eight years at 3.00% interest. 455,148

**Total Business Type- Notes Payable** \$ 995,738

The annual requirements to amortize all debts outstanding as of September 30, 2020 are as follows:

| Year Ending<br>September 30, | Business-type Activities |            |               |            |
|------------------------------|--------------------------|------------|---------------|------------|
|                              | Revenue Bonds            |            | Notes Payable |            |
|                              | Principal                | Interest   | Principal     | Interest   |
| 2021                         | \$ 59,000                | \$ 44,261  | \$ 77,670     | \$ 25,017  |
| 2022                         | 61,000                   | 41,401     | 79,920        | 22,805     |
| 2023                         | 26,000                   | 38,444     | 82,235        | 20,529     |
| 2024                         | 28,000                   | 37,242     | 84,618        | 18,186     |
| 2025                         | 29,000                   | 35,947     | 87,070        | 15,774     |
| 2026-2030                    | 166,000                  | 158,367    | 257,366       | 49,246     |
| 2031-2035                    | 207,000                  | 116,279    | 127,960       | 31,096     |
| 2036-2040                    | 258,000                  | 63,832     | 126,712       | 16,345     |
| 2040-2043                    | 117,230                  | 8,161      | 71,992        | 2,437      |
| Total                        | \$ 951,230               | \$ 543,934 | \$ 995,543    | \$ 201,435 |

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 7 - Other Post Employment Benefits**

The City’s Other Post Employment Benefit Plan (Plan) is a single-employer defined benefit plan that covers eligible retired employees of the City. The Plan, which is administered by the City, and required by *Florida Statute 112.0801, Group insurance; participation by retired employees*, allows employees who retire and meet retirement eligibility requirements, spouses, and dependents to continue medical insurance coverage as a participant in the City’s plan. The City allows retirees who retire and meet retirement eligibility requirements, spouses, and dependents to continue pharmacy, dental and/or vision insurance as well. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust, as no assets are accumulated. The contributions, if any, made to the program are assumed to be the benefits paid to retirees and administrative expenses.

In accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 specifies that governments must recognize their net OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in financial statement’s prepared using the economic resources measurement focus and accrual basis of accounting. For the City, this information, including OPEB expense of \$284,182 is included in the government-wide financial statements. There were no OPEB expenditures recognized in the fund financial statements under the modified accrual method for the year ended September 30, 2020.

*Employees Covered by Benefit Terms. At October 1, 2019, the following employees were covered by the benefit terms:*

|  |   |
|--|---|
| Inactive Plan Members, or Beneficiaries Currently Receiving Benefits | - |
| Inactive Plan Members Covered Spouses                                | - |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits     | - |
| Plan Active Members  | 6 |
| Total  | 6 |

*Benefits Provided:*

All retirees may elect coverage in the health, pharmacy, dental and/or vision plans offered by the City. They must contribute 100% of the active premium rates. Spouse and dependent coverage is available as well at the active premium rates.

The City’s net OPEB liability was calculated using the Alternative Measurement Method (AMM) permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members.

The Alternative Measurement Method involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that the determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.



**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 7 - Other Post Employment Benefits, Continued**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members at that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

***Total OPEB Liability***

The measurement date is September 30, 2020.

The measurement period for the OPEB expense was October 1, 2019 to September 30, 2020.

The reporting period is October 1, 2019 through September 30, 2020.

Note - The Sponsor's Total OPEB Liability for the City's ledger adjustment was measured as of September 30, 2020 using a discount rate of 2.25%

*Actuarial Assumptions*

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions:

|                                      |  |
|--------------------------------------|--|
| Age Adjustment Factor                | 1.411231   |
| Average Retirement Age               | 65   |
| Employer Future Premium Contribution | Remain a level % of the total cost over time                 |
| Actuarial Cost Method                | Entry Age Normal   |
| Amortization Method                  | Level Percentage of Payroll                                  |
| Discount Rate                        | 2.25%  |
| Projected Salary Increases           | 1.30%  |
| Amortization Period                  | 20   |
| Percentage Participation             | 100%   |
| Total OPEB Liability                 |  |
| and Annually Determined Contribution | Calculated using the AMM in accordance with GASB methodology |

Mortality Table - RP2000 Mortality Table for Males and Females projected 18 years; this assumption does not include a margin for future improvements in longevity

Turnover Assumption - Derived from data maintained by the United States Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 7 - Other Post Employment Benefits, Continued**

***Total OPEB Liability, continued***

*Actuarial Assumptions, continued*

Payroll Growth Assumption Source - The average annual percentage change in the Consumer Price Index - Urban Wage Earners and Clerical Workers CPI-W from 2010 to 2017

Healthcare Cost Trend Source - Consistent with the Getzen Model promulgated by the Society of Actuaries for use in long-term trend projection

ACA Excise Tax - Will ultimately affect all plans, due to the variability of the ACA excise tax by plan, the user needs to estimate the impact and adjust the trend, the excise tax could raise the average annual trend rate by 0.5% or more in each year

Discount Rate - Given the City's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.25%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA

Eligibility - Minimum age before retirement (termination) - 65; Minimum required years of service - 8; benefit pays secondary to Medicare; benefit for both early (pre-65) and regular retirees (65 and over)

***Changes in Total OPEB Liability***

|  |                         |
|--|-------------------------|
| Reporting Period Ending September 30, 2019 | \$ 346,760              |
| Changes for the year:                      |                         |
| Service Cost                               | 14,376                  |
| Interest                                   | 9,606                   |
| Economic/Demographic Gains or Losses       | (311,771)               |
| Changes of Assumptions or Inputs           | 3,607                   |
| Net Changes                                | <u>(284,182)</u>        |
| Reporting Period Ending September 30, 2020 | <u><u>\$ 62,578</u></u> |

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 7 - Other Post Employment Benefits, Continued**

*Changes in Total OPEB Liability, continued*

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate:*

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

|                      | 1%<br>Decrease<br>1.25% | Current<br>Discount<br>Rate<br>2.25% | 1%<br>Increase<br>3.25% |
|----------------------|-------------------------|--------------------------------------|-------------------------|
| Total OPEB Liability | \$ 72,981               | \$ 62,579                            | \$ 54,330               |

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates*

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

|                      | 1%<br>Decrease | Current<br>Healthcare<br>Cost Trend<br>Rate | 1%<br>Increase |
|----------------------|----------------|---|----------------|
| Total OPEB Liability | \$ 53,793      | \$ 62,578                                   | \$ 73,501      |

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

For the year ended September 30, 2020, the Sponsor will recognize a net change in total OPEB liability of negative \$284,182. On September 30, 2020, the Sponsor did not report Deferred Outflows of Resources or Deferred Inflows of Resources related to OPEB, in accordance with the AMM GASB methodology.

**Note 8 - Commitments and Contingencies**

The City is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which are subject to special compliance audits by the grantor agency and which may result in disallowed expenditures/expense amounts. These amounts, if any, constitute a contingent liability of the City. Accordingly, such liabilities are not reflected within the general-purpose financial statements. The City does not believe the effects of grant-related contingent liabilities, if any, will be material to the financial statements.

**City of Everglades City, Florida**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 8 - Commitments and Contingencies, Continued**

The Florida Department of Environmental Protection (DEP) filed a civil lawsuit naming the City as the defendant on November 24, 2015 for negligence related to the Wastewater and Drinking Water Condition of the City, State of Florida Department of Environmental Protection v. Everglades City Case Number 11-2015-CA-002134-0001-XX. On January 21, 2016, a clerk's default was entered against the City. The amended complaint, filed February 17, 2017 asserts the following counts and related penalties, fines and costs: Count One- Petition for Enforcement of Consent Order, fines of up to \$1,000 per day since June 3, 2013; Count Two- Operating without a Permit, fines of up to \$10,000 per day since July 5, 2015; Count Three- Drinking Water Violations, fines of up to \$10,000 per day since December 5, 2014; and Count Four- Wastewater Violations, fines of up to \$10,000 per day since April 1, 2016; attorney's fees, department costs, and investigative costs. On April 28, 2017, the DEP moved for a default judgment against the City. The City answered on June 28, 2017; however, the Court entered a clerk's default. The City, along with the DEP filed a joint motion to set aside the default and, on August 17, 2017, the Court granted an Order setting aside judicial default. The City settled with the DEP and entered into a Consent Final Judgment on July 25, 2018. Since reaching an agreement with the DEP, the City has violated the Consent Final Judgment, as indicated by the DEP; a notice of failure was provided to the City on September 30, 2019; however, no additional action has been taken by the DEP. The potential liability to the City, which include fines, attorney's fees, department costs, and investigative costs can not be reasonably estimated, but is probable. The City does not anticipate a resolution to the case in the near future. Settlement of this matter at some point is highly likely.

**Note 9 - Risk Management**

The City participates in the Florida Municipal Insurance Trust Fund, a program sponsored and administered by the Florida League of Cities. It provides the following types of insurance: General Liability, Automobile, Property and Workers' Compensation. The Florida Municipal Insurance Trust (FMIT) represents a large number of cities and government agencies in the formation of a "self-insurance" pool for both general liability and workers' compensation protection.

**Note 10 - Subsequent Events**

On September 10, 2017, Hurricane Irma made landfall in the City of Everglades City. As a result of this event, the City suffered damages to various buildings and infrastructure. As of March 31, 2018 total insurance claims for the City were \$2.442 million for Hurricane related damages to real and personal property. The city is responsible for a deductible of \$213,075. The City paid \$73,075 in deductible costs in fiscal year 2018 and the remaining \$140,000 in fiscal year 2019. In addition to the harm to City owned property, many citizens had extensive damages to their home and business properties. The cost of the clean up effort is partially reimbursable by the Federal Emergency Management Administration (FEMA) and the State of Florida Department of Emergency Management (FDEM). The amount of total cost of the clean up and repair effort was \$2,203,600. The process of applying for and receiving reimbursement will continue into 2021. As of September, 2020, the City received \$671,519 from FEMA and \$73,671 from FDEM and expects to receive the remaining obligated funds by September 1, 2021. The City will be responsible for 2.16% in matching funds in the amount of \$47,644. The City incurred \$197,624 in costs related to Hurricane Irma repairs and deductibles for the year ended September 30, 2020.

## Required Supplementary Information

**City of Everglades City, Florida**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - General Fund**  
**For the fiscal year ended September 30, 2020**

|  | Original<br>Budget | Final<br>Budget | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-----------------|------------|--|
| <b>REVENUES</b>  |                    |                 |            |  |
| Property taxes   | \$ 456,706         | \$ 439,586      | \$ 439,586 | \$ -                                   |
| Franchise fees   | 28,500             | 29,630          | 29,630     | -                                      |
| Gas tax  | 33,190             | 29,732          | 29,732     | -                                      |
| Local business tax   | 2,495              | 3,792           | 3,792      | -                                      |
| Local government infrastructure                                      | 99,480             | 93,728          | 93,728     | -                                      |
| State communications service tax                                     | 12,600             | 14,131          | 14,131     | -                                      |
| Utility tax  | 61,875             | 65,086          | 65,086     | -                                      |
| Licenses and permits   | 2,500              | 8,725           | 3,225      | (5,500)                                |
| Intergovernmental revenues   | 584,545            | 435,593         | 435,593    | -                                      |
| Charges for services   | 5,245              | 13,663          | 13,663     | -                                      |
| Miscellaneous  | 91,150             | 192,924         | 192,924    | -                                      |
| Total revenues   | 1,378,286          | 1,326,590       | 1,321,090  | (5,500)                                |
| <b>EXPENDITURES</b>  |                    |                 |            |  |
| Current  |                    |                 |            |  |
| General government   | 335,834            | 354,662         | 349,662    | 5,000                                  |
| Public safety  | 588,065            | 120,583         | 115,583    | 5,000                                  |
| Human Services   | 43,211             | 34,688          | 29,688     | 5,000                                  |
| Transportation   | 135,483            | 108,332         | 103,331    | 5,001                                  |
| Parks and recreation   | 146,213            | 132,460         | 127,460    | 5,000                                  |
| Capital  | -                  | 257,572         | 252,572    | 5,000                                  |
| Total expenditures   | 1,248,806          | 1,008,297       | 978,296    | 30,001                                 |
| Excess of revenues/reserves<br>over (under) expenditures/contingency | 129,480            | 318,293         | 342,794    | 24,501                                 |
| <b>FUND BALANCE, October 1, 2019</b>                                 | 442,540            | 412,821         | 412,821    | -                                      |
| <b>FUND BALANCE, September 30, 2020</b>                              | \$ 572,020         | \$ 731,114      | \$ 755,615 | \$ 24,501                              |

**City of Everglades City, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Proprietary Fund, Non-GAAP**  
**For the fiscal year ended September 30, 2020**

|  | Original<br>Budget | Final<br>Budget | Actual      | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-----------------|-------------|--|
| <b>REVENUES</b>  |                    |                 |             |  |
| Utility service tax  | \$ 50,000          | \$ 63,056       | \$ 63,056   | \$ -                                   |
| Intergovernmental revenue  | 309,440            | 114,920         | 114,920     | -                                      |
| Charges for services   | 1,133,401          | 1,645,993       | 1,645,993   | -                                      |
| Miscellaneous revenues   | 76                 | 717             | 18,177      | 17,460                                 |
| Total revenues   | 1,492,917          | 1,824,686       | 1,842,146   | 17,460                                 |
| <b>EXPENDITURES</b>  |                    |                 |             |  |
| Current  |                    |                 |             |  |
| General government   | 60,000             | 17,248          | 13,944      | 3,304                                  |
| Public safety  | 269,440            | 5,371           | 371         | 5,000                                  |
| Physical environment   | 921,637            | 917,659         | 817,184     | 100,475                                |
| Debt service   | 201,840            | 78,650          | 73,650      | 5,000                                  |
| Capital expenditures   | -                  | 294,727         | 301,726     | (6,999)                                |
| Total expenditures   | 1,452,917          | 1,313,655       | 1,206,875   | 106,780                                |
| Excess of revenues/reserves<br>over (under) expenditures/contingency | \$ 40,000          | \$ 511,031      | 635,271     | \$ 124,240                             |
| GAAP Reconciliation:   |                    |                 |             |  |
| Less Capital Expenditures  |                    |                 | 301,726     |  |
| Loss on the disposal of capital assets                               |                    |                 | (427)       |  |
| Depreciation   |                    |                 | (433,431)   |  |
| Excess of revenues/reserves<br>over (under) expenditures/contingency |                    |                 | 503,139     |  |
| Beginning Net Position   |                    |                 | 6,677,260   |  |
| Ending Net Position  |                    |                 | \$7,180,399 |  |

**City of Everglades City, Florida**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**For the fiscal year ended September 30, 2020**

For the three last fiscal years ended September 30

**Total OPEB Liability Change**

| Measurement Date  | 9/30/2020                   | 9/30/2019                    | 9/30/2018                    |
|---|-----------------------------|------------------------------|------------------------------|
| Service Cost  | \$ 14,376                   | \$ 8,061                     | \$ 6,227                     |
| Interest  | 9,606                       | 8,148                        | 4,740                        |
| Changes of Assumptions  | 3,607                       | 79,812                       | (18,808)                     |
| Economic/Demographic Changes  | (311,771)                   | 63,878                       | 70,360                       |
| Net change in Total OPEB Liability                                      | <u>(284,182)</u>            | <u>159,899</u>               | <u>62,519</u>                |
| <br>Total OPEB Liability - Beginning                                    | <br><u>346,760</u>          | <br><u>186,861</u>           | <br><u>124,342</u>           |
| <br>Total OPEB Liability - Ending                                       | <br><u><u>\$ 62,578</u></u> | <br><u><u>\$ 346,760</u></u> | <br><u><u>\$ 186,861</u></u> |
| <br>Covered employee payroll  | <br>\$ 359,839              | <br>\$ 332,531               | <br>\$ 408,273               |
| <br>Total OPEB Liability as a percentage of<br>Covered employee payroll | <br>17.39%                  | <br>104.28%                  | <br>45.77%                   |



## Supplementary Information

**City of Everglades City, Florida**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Net Position - Proprietary Fund - Utility**  
**For the fiscal year ended September 30, 2020**

|  | Water               | Sewer               | Total<br>Proprietary<br>Fund |
|--|---------------------|---------------------|------------------------------|
| <b>OPERATING REVENUES</b>                |                     |                     |                              |
| Charges for services                     | \$ 971,894          | \$ 737,155          | \$ 1,709,049                 |
| Miscellaneous income                     | 3,506               | 2,621               | 6,127                        |
| Total operating revenue                  | <u>975,400</u>      | <u>739,776</u>      | <u>1,715,176</u>             |
| <b>OPERATING EXPENSES</b>                |                     |                     |                              |
| Personal services                        | 24,955              | 36,195              | 61,150                       |
| Insurance                                | 16,738              | 16,086              | 32,824                       |
| Contractual services                     | 158,206             | 295,979             | 454,185                      |
| Materials and supplies                   | 90,793              | 28,632              | 119,425                      |
| Depreciation                             | 219,628             | 213,803             | 433,431                      |
| Utilities                                | 32,147              | 35,308              | 67,455                       |
| Repairs and maintenance                  | 53,206              | 43,254              | 96,460                       |
| Total operating expenditures             | <u>595,673</u>      | <u>669,257</u>      | <u>1,264,930</u>             |
| Operating income (loss)                  | <u>379,727</u>      | <u>70,519</u>       | <u>450,246</u>               |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                     |                     |                              |
| Loss on disposal of capital assets       | (427)               | -                   | (427)                        |
| Donated assets                           | 12,000              | -                   | 12,000                       |
| Intergovernmental grants                 | 289                 | 114,681             | 114,970                      |
| Interest expense                         | (23,587)            | (50,063)            | (73,650)                     |
| Total non-operating revenues (expenses)  | <u>(11,725)</u>     | <u>64,618</u>       | <u>52,893</u>                |
| Change in net position                   | 368,002             | 135,137             | 503,139                      |
| Net position - beginning October 1, 2019 | <u>4,767,848</u>    | <u>1,909,411</u>    | <u>6,677,260</u>             |
| Net position - ending September 30, 2020 | <u>\$ 5,135,850</u> | <u>\$ 2,044,548</u> | <u>\$ 7,180,399</u>          |

**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 Council  
City of Everglades City, 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, business-type activities, each major fund and the aggregate remaining fund information of the City of Everglades City, Florida, (the "City") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2021.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### ***Purpose of this Report***

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

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida  
June 11, 2021



PHONE: 941.639.6600 | FAX: 941.639.6115  
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950  
AshleyBrownCPAS.com

## **Independent Auditor's Management Letter**

Honorable Mayor and City Council  
City of Everglades City, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the City of Everglades City, Florida (the "City"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 11, 2021.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 11, 2021, 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.

### **Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that there are no special district component units that required to be reported to the City.

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida  
June 11, 2021



PHONE: 941.639.6600 | FAX: 941.639.6115  
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950  
AshleyBrownCPAS.com

## **Report on Independent Accountant on Compliance with Local Government Investment Policies**

Honorable Mayor and City Council  
City of Everglades City, Florida

We have examined the City of Everglades City, Florida's (the "City's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

The purpose of this report is to comply with the audit requirements of Sections 218.415, Florida Statutes and Rules of the Auditor General.

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida  
June 11, 2021