

CITY OF EVERGLADES
CITY, FLORIDA

September 30, 2021

BASIC FINANCIAL STATEMENTS,
TOGETHER WITH
REPORTS OF INDEPENDENT AUDITORS

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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, 2021, 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, 2021, 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 January 27, 2022, 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
January 27, 2022

Management's
Discussion & Analysis

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2021 by \$9,904,116 (net position). Of this amount, \$1,140,820 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 \$970,495 from the previous year.
- As of September 30, 2021, the City's governmental fund reported ending net position of \$2,218,064. This is an increase of \$464,842. The unrestricted net position is \$662,879.
- The City's total long-term liabilities decreased \$14,236 during the current fiscal year.
- Total revenues increased \$1,255,357 in comparison to prior year
- Total expense increased \$91,272 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, 2021

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 2020-2021. 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, 2021 was \$9,904,116. The City's combined revenues, including contributions, grants, charges for services and taxes were \$3,591,347. Total expenses, citywide were \$2,620,852.

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2021

THE CITY AS A WHOLE, CONTINUED

NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$1,020,030	\$ 790,543	\$1,350,666	\$ 853,027	\$2,370,696	\$1,643,570
Capital assets (net of accumulated depreciation):	1,301,012	1,039,538	8,375,314	8,395,622	9,676,326	9,435,160
Total assets	<u>2,321,042</u>	<u>1,830,081</u>	<u>9,725,980</u>	<u>9,248,649</u>	<u>12,047,022</u>	<u>11,078,730</u>
Long-term liabilities:	79,720	41,929	1,769,469	1,830,946	1,849,189	1,872,875
Other liabilities	23,258	34,930	270,459	237,304	293,717	272,234
Total liabilities	<u>102,978</u>	<u>76,859</u>	<u>2,039,928</u>	<u>2,068,250</u>	<u>2,142,906</u>	<u>2,145,109</u>
Net Position:						
Investment in capital assets, net of related debt	1,301,012	1,039,538	6,895,587	6,448,655	8,196,599	7,488,193
Reserved for:						
Infrastructure	266,271	54,173	105,430.00	-	371,701	54,173
Debt service	-	-	312,524	278,726	312,524	278,726
Unrestricted	<u>650,781</u>	<u>659,511</u>	<u>372,511</u>	<u>453,018</u>	<u>1,023,292</u>	<u>1,112,529</u>
Net Position	<u>\$2,218,064</u>	<u>\$1,753,222</u>	<u>\$7,686,052</u>	<u>\$7,180,399</u>	<u>\$9,904,116</u>	<u>\$8,933,621</u>

The largest portion of the City's assets (83%) 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, 2021

THE CITY AS A WHOLE, CONTINUED

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 2,534	\$ 13,663	\$1,960,691	\$1,709,049	\$1,963,225	\$1,722,712
Grants and contributions	317,654	359,125	317,850	114,920	635,504	474,045
General Revenues:						
Property taxes	471,860	439,586	-	-	471,860	439,586
Franchise fees	67,891	55,468	-	-	67,891	55,468
Utility and gas tax	103,728	98,610	-	-	103,728	98,610
Rental income	85,453	82,190	-	-	85,453	82,190
Other income	231,106	272,447	32,580	18,177	263,686	290,624
Total revenues	1,280,226	1,321,089	2,311,121	1,842,146	3,591,347	3,163,235
Expenses:						
General government	419,757	294,035	-	-	419,757	294,035
Public safety	113,141	97,195	-	-	113,141	97,195
Human Services	25,396	24,965	-	-	25,396	24,965
Transportation	124,855	86,892	-	-	124,855	86,892
Culture & recreation	132,235	107,182	-	-	132,235	107,182
Water & sewer	-	-	1,805,468	1,339,007	1,805,468	1,339,007
Total expenses	815,384	610,269	1,805,468	1,339,007	2,620,852	1,949,276
Increase (decrease) in net position	464,842	710,820	505,653	503,139	970,495	1,213,959
Net position - beginning	1,753,222	1,042,402	7,180,399	6,677,260	8,933,621	7,719,662
Net Position - ending	\$2,218,064	\$1,753,222	\$7,686,052	\$7,180,399	\$9,904,116	\$8,933,621

Total Primary Government revenues increased by \$428,112 or 13.5% from the prior year. Total Governmental Activities decreased \$40,863 or (3.1)%. The Business-type Activities increased \$468,975 or 25.5%.

Total Primary Government expenses increased by \$671,576 or 34.5% from the prior year. Total Governmental Activities increased \$205,115 or 33.6%. The Business-type Activities increased \$466,461 or 34.8%.

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2021

Capital Assets

The City's capital assets as of September 30, 2021 reflect an investment of \$9,676,326 net of accumulated depreciation.

CAPITAL ASSETS AT YEAR END

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 231,383	\$ 231,383	\$ 405,378	\$ 405,378	\$ 636,761	\$ 636,761
Construction in progress	-	-	255,198	-	255,198	-
Buildings	383,013	383,013	169,678	169,678	552,691	552,691
Improvements other than buildings	832,560	479,182	-	-	832,560	479,182
Infrastructure	1,091,928	1,091,928	13,619,529	13,612,070	14,711,457	14,703,998
Equipment & Furniture	125,455	125,455	1,185,467	1,019,132	1,310,922	1,144,587
Vehicles	68,041	62,141	19,000	12,000	87,041	74,141
Accumulated depreciation	(1,431,368)	(1,333,564)	(7,278,936)	(6,822,636)	(8,710,304)	(8,156,200)
Total capital assets	\$1,301,012	\$1,039,538	\$8,375,314	\$8,395,622	\$9,676,326	\$9,435,160

For additional information regarding capital assets refer to footnotes 4.

Debt

As of September 30, 2021, the City had \$892,230 in bonds payable and \$984,093 in notes payable in the governmental activities. This is a decrease of \$70,644 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 (2021-2022) was prepared:

- Property values increased by \$2,229,311 or 2.4% to \$95,102,942.
- The City assessed a millage rate of 5.7694. This is expected to generate \$575,146 in Ad valorem tax revenue. The City's total budget is \$8,443,301. The General Fund budget is \$1,662,649 and the Proprietary Fund budget is \$6,780,652.

Basic Financial Statements

City of Everglades City, Florida
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 696,042	\$ 1,150,349	\$ 1,846,391
Cash restricted for infrastructure	266,271	-	266,271
Accounts receivable	32,529	187,433	219,962
Prepaid expenses	25,188	12,132	37,320
Other current assets	-	752	752
Capital assets			
Land	231,383	405,378	636,761
Construction in progress	-	255,198	255,198
Buildings	383,013	169,678	552,691
Improvements other than buildings	832,560	-	832,560
Infrastructure/utility system	1,091,928	13,619,529	14,711,457
Machinery and equipment	125,455	1,185,467	1,310,922
Vehicles	68,041	19,000	87,041
Less accumulated depreciation	(1,431,368)	(7,278,936)	(8,710,304)
Total assets	<u>2,321,042</u>	<u>9,725,980</u>	<u>12,047,022</u>
LIABILITIES			
Short-term Liabilities			
Accounts payable	21,833	68,985	90,818
Accrued Expenses	1,425	-	1,425
Customer security deposits	-	51,788	51,788
Interest payable	-	3,566	3,566
Notes payable due within one year	-	79,920	79,920
Bonds payable due within one year	-	66,200	66,200
Long-term Liabilities:			
Notes payable due in more than one year	-	904,173	904,173
Bonds payable due in more than one year	-	826,030	826,030
Total OPEB Liability	79,720	39,266	118,986
Total liabilities	<u>102,978</u>	<u>2,039,928</u>	<u>2,142,906</u>
NET POSITION			
Investment in capital assets, net of related debt	1,301,012	6,895,587	8,196,599
Restricted for:			
Infrastructure	266,271	105,430	371,701
Debt service	-	312,524	312,524
Unrestricted	650,781	372,511	1,023,292
Total net position	<u>\$ 2,218,064</u>	<u>\$ 7,686,052</u>	<u>\$ 9,904,116</u>

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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities						
General government	\$ 419,757	\$ 325	\$ 317,654	\$ (101,778)	\$ -	\$ (101,778)
Public safety	113,141	-	-	(113,141)	-	(113,141)
Human Services	25,396	-	-	(25,396)	-	(25,396)
Transportation	124,855	-	-	(124,855)	-	(124,855)
Culture & recreation	132,235	2,209	-	(130,026)	-	(130,026)
Total governmental activities	815,384	2,534	317,654	(495,196)	-	(495,196)
Business-type activities						
Water & sewer	1,805,468	1,960,691	317,850	-	473,073	473,073
Total primary government	\$ 2,620,852	\$ 1,963,225	\$ 635,504	\$ (495,196)	\$ 473,073	\$ (22,123)

General Revenues:

Property taxes	\$ 471,860	\$ -	\$ 471,860
Franchise fees, licenses and permits	67,891	-	67,891
Unrestricted state shared revenues	82,610	-	82,610
Restricted state shared revenues	116,939	-	116,939
Gas taxes	30,595	-	30,595
Other taxes	73,133	-	73,133
Rental income	85,453	-	85,453
Donations	21,313	7,000	28,313
Miscellaneous income	10,244	25,580	35,824
Total general revenues	960,038	32,580	992,618
Change in net position	464,842	505,653	970,495
Net position - beginning October 1, 2020	1,753,222	7,180,399	8,933,621
Net position - ending September 30, 2021	\$ 2,218,064	\$ 7,686,052	\$ 9,904,116

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

City of Everglades City, Florida
Balance Sheet - Governmental Funds
September 30, 2021

	<u>General Fund</u>
ASSETS	
Cash	\$ 696,042
Cash restricted for infrastructure	266,271
Accounts receivable	32,529
Prepaid expenses	25,188
Total assets	<u><u>\$ 1,020,030</u></u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 21,833
Accrued Expenses	1,425
Total Liabilities	<u>23,258</u>
 FUND BALANCE	
Restricted	266,271
Unassigned	730,501
Total fund balances	<u>996,772</u>
Total liabilities and fund balances	<u><u>\$ 1,020,030</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, 2021

Total governmental fund balance	\$	996,772
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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	2,732,380	
Accumulated depreciation	<u>(1,431,368)</u>	1,301,012

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>(79,720)</u>
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Net Position	\$	<u><u>2,218,064</u></u>
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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, 2021

REVENUES	<u>General Fund</u>
Taxes	\$ 775,137
Intergovernmental	317,654
Franchise fees, licenses, and permits	67,891
Donations	21,313
Rentals and leases	85,453
Other revenues	<u>12,779</u>
Total revenues	<u>1,280,227</u>
 EXPENDITURES	
Current	
Personal Services	290,296
Operating Expenses	389,494
Capital Outlay	<u>359,278</u>
Total expenditures	<u>1,039,068</u>
Net Change in Fund Balance	241,159
FUND BALANCE, October 1, 2020	<u>755,613</u>
FUND BALANCE, September 30, 2021	<u><u>\$ 996,772</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, 2021

Net change in fund balance - total governmental funds \$ 241,159

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	359,278	
Depreciation expense	<u>(97,804)</u>	261,474

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. (37,791)

Change in net position \$ 464,842

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, 2021

	Business-Type Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,150,349
Accounts receivable	187,433
Prepaid expenses	12,132
Other current assets	752
Total current assets	1,350,666
NONCURRENT/CAPITAL ASSETS	
Land	405,378
Construction in progress	255,198
Buildings	169,678
Infrastructure/utility system	13,619,529
Machinery and equipment	1,185,467
Vehicles	19,000
Less accumulated depreciation	(7,278,936)
Total noncurrent assets	8,375,314
TOTAL ASSETS	9,725,980
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	68,985
Interest and loan fees payable	3,566
Customer security deposits	51,788
Current portion of notes payable	79,920
Current portion of bonds payable	66,200
Total current liabilities	270,459
NONCURRENT LIABILITIES	
Long term portion of notes payable	904,173
Long term portion of bonds payable	826,030
Total OPEB Liability	39,266
Total noncurrent liabilities	1,769,469
TOTAL LIABILITIES	2,039,928
NET POSITION	
Investment in capital assets, net of related debt	6,895,587
Restricted for:	
Infrastructure	105,430
Debt service	312,524
Unrestricted	372,511
TOTAL NET POSITION	\$ 7,686,052

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, 2021

OPERATING REVENUES

Charges for services	\$ 1,960,691
Miscellaneous revenue	7,000
Total operating revenue	1,967,691

OPERATING EXPENSES

Personal services	283,607
Insurance	36,673
Contractual services	465,422
Materials and supplies	179,460
Depreciation	456,300
Utilities	66,134
Repairs and maintenance	247,370
Total operating expenditures	1,734,966

Operating income (loss)	232,725
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NON-OPERATING REVENUES (EXPENSES)

Intergovernmental revenue	317,850
Settlement	25,549
Interest revenue	31
Interest expense and loan fees	(70,502)
Total non-operating revenues (expenses)	272,928

Change in net position	505,653
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Net position - beginning October 1, 2020	7,180,399
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Net position - ending September 30, 2021	\$ 7,686,052
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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, 2021

Cash flows from operating activities:	
Cash received from customers and agencies	\$ 1,910,821
Cash payments to suppliers for goods and services	(973,300)
Cash payments to employees for services	(264,990)
Customer deposits received	320
Net cash provided by operating activities	<u>672,851</u>
Cash flows used for capital and related financing activities	
Cash received from intergovernmental agencies	317,850
Cash received from settlement	25,580
Acquisition of capital assets	(435,992)
Principal paid on debt	(137,014)
Proceeds from loan	66,370
Interest and fiscal charges paid	(70,502)
Net cash used in investing activities	<u>(233,708)</u>
Net increase in cash and cash equivalents	439,143
Cash and cash equivalents, October 1, 2020	<u>711,206</u>
Cash and cash equivalents, September 30, 2021	<u>\$ 1,150,349</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 232,725
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	456,300
Increase in accounts receivable	(59,144)
Increase in prepaid expenses	(1,626)
Decrease in other current assets	2,274
Increase in accounts payable	22,892
Increase in customer deposits	320
Increase in interest and loan fees payable	493
Change in OPEB liability	18,617
Net cash provided by operating activities	<u>\$ 672,851</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, 2021

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, 2021

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, 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 statute, 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, 2021

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

Accounts Receivable

No allowance for losses on uncollectible accounts has been recorded since the City 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, 2021

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, 2021

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, 2021, the carrying amount of the City's deposits was \$2,112,662 and the bank balance was \$2,132,387. 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, 2021 was \$266,271.

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, 2021 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, 2021

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:

Governmental Activities	Beginning Balance 10/1/2020	Additions	Deletions	Ending Balance 9/30/2021
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	479,182	353,378	-	832,560
Infrastructure	1,091,928	-	-	1,091,928
Equipment & furniture	125,455	-	-	125,455
Vehicles	62,141	5,900	-	68,041
Total capital assets, being depreciated	2,141,719	359,278	-	2,500,997
Less accumulated depreciation for:				
Buildings	(380,912)	(2,098)	-	(383,010)
Improvements other than buildings	(144,385)	(43,934)	-	(188,319)
Infrastructure	(737,048)	(27,299)	-	(764,347)
Equipment & furniture	(48,090)	(14,159)	-	(62,249)
Vehicles	(23,129)	(10,314)	-	(33,443)
Total accumulated depreciation	(1,333,564)	(97,804)	-	(1,431,368)
Total capital assets, being depreciated, net	808,155	261,474	-	1,069,629
Governmental activities capital assets, net	\$ 1,039,538	\$ 261,474	\$ -	\$ 1,301,012

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

Note 4 - Changes in Fixed Assets, Continued

Business-Type Activities	Beginning Balance 10/1/2020	Additions	Deletions	Ending Balance 9/30/2021
Capital assets, not being depreciated:				
Land	\$ 405,378	\$ -	\$ -	\$ 405,378
Construction in progress	-	255,198	-	255,198
Total capital assets, not being depreciated	405,378	255,198	-	660,576
Capital assets, being depreciated:				
Buildings	169,678	-	-	169,678
Infrastructure	13,612,070	7,459	-	13,619,529
Equipment & furniture	1,019,132	166,335	-	1,185,467
Vehicles	12,000	7,000	-	19,000
Total capital assets, being depreciated	14,812,880	180,794	-	14,993,674
Less accumulated depreciation for:				
Buildings	(35,473)	(9,548)	-	(45,021)
Infrastructure	(6,325,616)	(313,912)	-	(6,639,528)
Equipment & furniture	(460,047)	(130,423)	-	(590,470)
Vehicles	(1,500)	(2,417)	-	(3,917)
Total accumulated depreciation	(6,822,636)	(456,300)	-	(7,278,936)
Total capital assets, being depreciated, net	7,990,244	(275,506)	-	7,714,738
Business-type activities capital assets, net	<u>\$ 8,395,622</u>	<u>\$ (20,308)</u>	<u>\$ -</u>	<u>\$ 8,375,314</u>

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

Governmental activities:	
General government	\$ 11,114
Culture and recreation	27,941
Public safety	3,373
Transportation	55,376
Total depreciation expense - governmental activities	<u>\$ 97,804</u>
Business-type activities:	
Water	\$ 237,545
Sewer	218,755
Total depreciation expense - business type activities	<u>\$ 456,300</u>

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

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, 2021 was \$85,453.

Note 6 - Long Term Debt

Changes in bond indebtedness and notes payable of the City for the year ended September 30, 2021 are summarized below:

	Governmental				
	Activities	Business-Type Activities			
	OPEB Payable	OPEB Payable	Revenue Bonds	Notes Payable	Total
Debt payable at					
October 1, 2020	\$ 41,929	\$ 20,649	\$ 951,230	\$ 995,737	\$ 2,009,545
Debt Issued	-	-	-	66,370	66,370
Debt retired	-	-	(59,000)	(78,014)	(137,014)
Additions	37,922	18,682	-	-	56,604
Deductions	(131)	(65)	-	-	(196)
	<u>\$ 79,720</u>	<u>\$ 39,266</u>	<u>\$ 892,230</u>	<u>\$ 984,093</u>	<u>\$ 1,995,309</u>
September 30, 2021					
Short term portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,200</u>	<u>\$ 79,920</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. \$ 856,230

\$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. 36,000

Total Business Type- Revenue Bonds \$ 892,230

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, 2021

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. \$ 464,251

\$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 began in February of 2017. 52,026

\$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. 396,596

Total Business Type- Notes Payable \$ 912,873

The annual requirements to amortize all debts outstanding as of September 30, 2021 are as follows:

Year Ending September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2022	\$ 66,200	\$ 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	30,000	34,606	89,595	13,292
2027-2031	174,000	150,689	192,135	43,300
2032-2036	216,000	106,706	131,107	28,210
2037-2041	269,000	51,899	125,518	13,340
2042-2043	54,030	2,739	40,675	983
Total	<u>\$ 892,230</u>	<u>\$ 499,673</u>	<u>\$ 912,873</u>	<u>\$ 176,419</u>

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

Note 6 - Long Term Debt, Continued

The City was awarded \$500,00 from the Florida Department of Environmental Protection in April 2016 to be utilized for the construction of the wastewater plant. Of the awarded amount, \$161,950 is a loan that will be repaid once the total award has been issued. As of September 30, 2021, the total amount disbursed is \$71,220.

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 \$56,408 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, 2021.

Employees Covered by Benefit Terms:

At October 1, 2021, 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

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

Note 7 - Other Post Employment Benefits, Continued

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.

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, 2021.

The measurement period for the OPEB expense was October 1, 2020 to September 30, 2021.

The reporting period is October 1, 2020 through September 30, 2021.

Note - The City's Total OPEB Liability for the City's ledger adjustment was measured as of September 30, 2021 using a discount rate of 2.26%

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

Note 7 - Other Post Employment Benefits, Continued

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2021 using the following actuarial assumptions:

Age Adjustment Factor	1.153051
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	2.26%
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	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

Turnover Assumption: Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

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 2.26%. 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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

Note 7 - Other Post Employment Benefits, Continued

Actuarial Assumptions, continued

Eligibility: 65 is the minimum age before retirement (termination) with minimum of 8 required years of service. Benefit pays secondary to Medicare for both early (pre-65) and regular retirees (65 and over).

Changes in Total OPEB Liability

Reporting Period Ending September 30, 2020	\$ 62,578
Changes for the year:	
Service Cost	3,226
Interest	1,481
Economic/Demographic Gains or (Losses)	51,897
Changes of Assumptions or Inputs	(196)
Net Changes	<u>56,408</u>
Reporting Period Ending September 30, 2021	<u><u>\$ 118,986</u></u>

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

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

	1% Decrease	Current Discount Rate 2.26%	1% Increase
Total OPEB Liability	\$ 141,225	\$ 118,986	\$ 101,518

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 99,755	\$ 118,986	\$ 143,243

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

Note 7 - Other Post Employment Benefits, Continued

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

For the year ended September 30, 2021, the City will recognize OPEB expense of \$56,408. On September 30, 2021, the City 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.

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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2021

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 2022. As of September, 2021, the City received \$1,062,164 from FEMA and \$74,217 from FDEM and expects to receive the remaining obligated funds by September 1, 2022. The City is responsible for 2.16% in matching funds in the amount of \$47,644. The City incurred \$405,970 in costs related to Hurricane Irma repairs and deductibles for the year ended September 30, 2021.

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, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 484,186	\$ 471,860	\$ 471,860	\$ -
Franchise fees	29,600	30,193	30,193	-
Gas tax	28,988	30,595	30,595	-
Local business tax	4,375	3,493	3,493	-
Local government infrastructure	101,878	116,939	116,939	-
State communications service tax	13,609	15,346	15,346	-
Utility tax	64,100	69,640	69,640	-
Licenses and permits	2,675	14,675	14,675	-
Intergovernmental revenues	1,138,886	407,941	407,941	-
Charges for services	3,770	2,513	2,534	21
Miscellaneous	95,884	117,011	117,011	-
Total revenues	1,967,951	1,280,206	1,280,227	21
EXPENDITURES				
Current				
General government	376,211	354,954	349,953	5,001
Public safety	136,577	99,327	94,327	5,000
Human Services	36,130	26,173	21,173	5,000
Transportation	143,480	108,244	104,092	4,152
Parks and recreation	170,084	115,244	110,245	4,999
Capital	-	359,278	359,278	-
Total expenditures	862,482	1,063,220	1,039,068	24,152
Excess of revenues/reserves over (under) expenditures/contingency	1,105,469	216,986	241,159	24,173
FUND BALANCE, October 1, 2020	500,000	755,613	755,613	-
FUND BALANCE, September 30, 2021	\$ 1,605,469	\$ 972,599	\$ 996,772	\$ 24,173

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, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Utility service tax	\$ 63,500	\$ 73,816	\$ 73,816	\$ -
Intergovernmental revenue	663,690	312,657	317,852	5,195
Charges for services	1,649,486	1,886,896	1,886,875	(21)
Miscellaneous revenues	95	32,580	32,580	-
Total revenues	2,376,771	2,305,949	2,311,123	5,174
EXPENDITURES				
Current				
General government	25,500	-	-	-
Public safety	-	-	-	-
Physical environment	1,304,330	1,263,218	1,260,053	3,165
Debt service	206,721	75,498	70,502	4,996
Capital expenditures	-	435,992	435,992	-
Total expenditures	1,536,551	1,774,708	1,766,547	8,161
Excess of revenues/reserves over (under) expenditures/contingency	\$ 840,220	\$ 531,241	544,576	\$ 13,335
 GAAP Reconciliation:				
Less Capital Expenditures			435,992	
OPEB expenditures			(18,615)	
Depreciation			(456,300)	
Excess of revenues/reserves over (under) expenditures/contingency			505,653	
Beginning Net Position			7,180,399	
Ending Net Position			\$7,686,052	

City of Everglades City, Florida
Schedule of Changes in Net OPEB Liability and Related Ratios
For the fiscal year ended September 30, 2021

For the four last fiscal years ended September 30

Total OPEB Liability Change

Measurement Date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service Cost	\$ 3,226	\$ 14,376	\$ 8,061	\$ 6,227
Interest	1,481	9,606	8,148	4,740
Changes of Assumptions	(196)	3,607	79,812	(18,808)
Economic/Demographic Changes	51,897	(311,771)	63,878	70,360
Net change in Total OPEB Liability	<u>56,408</u>	<u>(284,182)</u>	<u>159,899</u>	<u>62,519</u>
Total OPEB Liability - Beginning	<u>62,578</u>	<u>346,760</u>	<u>186,861</u>	<u>124,342</u>
Total OPEB Liability - Ending	<u><u>\$ 118,986</u></u>	<u><u>\$ 62,578</u></u>	<u><u>\$ 346,760</u></u>	<u><u>\$ 186,861</u></u>
Covered employee payroll	\$ 412,224	\$ 359,839	\$ 332,531	\$ 408,273
Total OPEB Liability as a percentage of Covered employee payroll	28.86%	17.39%	104.28%	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, 2021

	Water	Sewer	Total Proprietary Fund
OPERATING REVENUES			
Charges for services	\$ 1,060,579	\$ 900,112	\$ 1,960,691
Miscellaneous income	7,000	-	7,000
Total operating revenue	<u>1,067,579</u>	<u>900,112</u>	<u>1,967,691</u>
OPERATING EXPENSES			
Personal services	145,981	137,626	283,607
Insurance	18,668	18,005	36,673
Contractual services	192,994	272,428	465,422
Materials and supplies	105,802	73,658	179,460
Depreciation	218,755	237,545	456,300
Utilities	31,686	34,448	66,134
Repairs and maintenance	126,359	121,011	247,370
Total operating expenditures	<u>840,245</u>	<u>894,721</u>	<u>1,734,966</u>
Operating income (loss)	<u>227,334</u>	<u>5,391</u>	<u>232,725</u>
NON-OPERATING REVENUES (EXPENSES)			
Settlement	25,549	-	25,549
Interest revenue	16	15	31
Intergovernmental grants	-	317,850	317,850
Interest expense	(21,416)	(49,086)	(70,502)
Total non-operating revenues (expenses)	<u>4,149</u>	<u>268,779</u>	<u>272,928</u>
Change in net position	231,483	274,170	505,653
Net position - beginning October 1, 2020	<u>5,135,851</u>	<u>2,044,548</u>	<u>7,180,399</u>
Net position - ending September 30, 2021	<u>\$ 5,367,334</u>	<u>\$ 2,318,718</u>	<u>\$ 7,686,052</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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 27, 2022.

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
January 27, 2022



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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, 2021, and have issued our report thereon dated January 27, 2022.

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 January 27, 2022, 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. There were no recommendations made in the preceding 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
January 27, 2022



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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, 2021. 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, 2021.

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
January 27, 2022