

CITY OF EVERGLADES
CITY, FLORIDA

SEPTEMBER 30, 2023

FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	11
Reconciliation of the Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance.....	13
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities.....	14
Statement of Net Positions - Proprietary Fund - Utility.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Proprietary Fund - Utility.....	16
Statement of Cash Flows - Proprietary Fund - Utility.....	17
Notes to Basic Financial Statements.....	18 - 33
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Proprietary Fund.....	35
Post Employment Benefits other than Pensions - Schedule of Changes in the Total OPEB Liability and Related Ratios.....	36
Supplementary Information	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Proprietary Fund.....	37
Supplementary Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	38 - 39

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Single Audit	
Independent Auditor's Report on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance Required by Uniform Guidance.....	40 - 42
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	43
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	44
Schedule of Findings & Questioned Costs – Federal Programs and State Projects.....	45 - 46
Other Reports	
Management Letter.....	47 - 49
Independent Accountant's Report on Compliance with Local Government Investment Policies.....	50



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Independent Auditor's Report

Honorable Mayor and City Council
City of Everglades City, Florida

Opinions

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 year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Required Supplementary Information, continued

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statement of revenue, expenses and changes in net position - proprietary fund - utility is presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state projects are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is also not a required part of the basic financial statements.

The combining statement of revenue, expenses and changes in net position - proprietary fund - utility and the schedule of expenditures of federal awards and state projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining statement and the schedule of expenditures of federal awards and state projects 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 issued our report dated June 7, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consideration the City's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 7, 2024

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2023

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, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities and deferred inflows of resources at September 30, 2023 by \$15,260,467 (net position).
- The City's total net position increased by \$4,484,002 from the previous year.
- As of September 30, 2023, the City's governmental fund reported ending fund balance of \$1,207,443. This is an increase of \$169,360.
- The City's total long-term liabilities increased \$660,652 during the current fiscal year.
- Total revenues increased \$4,658,656 in comparison to prior year
- Total expense increased \$1,047,003 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.

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.

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2023

THE FINANCIAL STATEMENTS, CONTINUED

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

The statement of activities presents information showing how the City's net position changed during fiscal year 2022-2023. 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.

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2023

THE CITY AS A WHOLE

The City's combined net position as of September 30, 2023 was \$15,260,467. The City's combined revenues, including contributions, grants, charges for services and taxes were \$8,429,873. Total expenses, citywide were \$3,945,871.

NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 1,447,708	\$ 1,482,371	\$ 1,625,102	\$ 1,847,677	\$ 3,072,810	\$ 3,330,048
Capital assets	1,120,159	1,209,374	14,522,815	8,681,158	15,642,974	9,890,532
Total assets	2,567,867	2,691,745	16,147,917	10,528,835	18,715,784	13,220,580
Liabilities						
Other liabilities	60,970	31,125	748,195	337,752	809,165	368,877
Non-current liabilities	146,721	91,085	2,320,136	1,762,518	2,466,857	1,853,603
Total liabilities	207,691	122,210	3,068,331	2,100,270	3,276,022	2,222,480
Deferred inflows of resources	179,295	343,845	-	-	179,295	343,845
Total liabilities and deferred inflows of resources	386,986	466,055	3,068,331	2,100,270	3,455,317	2,566,325
Net Position:						
Investment in capital assets, net of related debt	1,120,159	1,209,374	13,079,302	7,191,532	14,199,461	8,400,906
Reserved for:						
Infrastructure	210,859	402,386	437,095	210,859	647,954	613,245
Debt service	-	-	477,970	349,136	477,970	349,136
Unrestricted	849,863	736,140	(914,781)	677,038	(64,918)	1,413,178
Net position	\$ 2,180,881	\$ 2,347,900	\$ 13,079,586	\$ 8,428,565	\$ 15,260,467	\$ 10,776,465

The largest portion of the City's assets (78%) 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, 2023

THE CITY AS A WHOLE, CONTNUED

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 35,114	\$ 25,394	\$ 1,999,946	\$ 2,088,909	\$ 2,035,060	\$ 2,114,303
Grants and contributi	155,034	66,071	4,759,239	469,305	4,914,273	535,376
General Revenues:						
Property taxes	651,079	556,727	-	-	651,079	556,727
Franchise fees	90,087	60,743	-	-	90,087	60,743
Utility and gas tax	136,682	122,052	-	-	136,682	122,052
Rental income	69,209	67,480	-	-	69,209	67,480
Other income	263,301	314,511	270,182	25	533,483	314,536
Total revenues	1,400,506	1,212,978	7,029,367	2,558,239	8,429,873	3,771,217
Expenses:						
General government	661,764	453,005	-	-	661,764	453,005
Public safety	330,499	120,611	-	-	330,499	120,611
Human services	24,546	21,754	-	-	24,546	21,754
Transportation	183,002	282,313	-	-	183,002	282,313
Culture & sewer	176,187	205,459	-	-	176,187	205,459
Water & sewer	-	-	2,569,873	1,815,726	2,569,873	1,815,726
Total expenses	1,375,998	1,083,142	2,569,873	1,815,726	3,945,871	2,898,868
Increase in net position	24,508	129,836	4,459,494	742,513	4,484,002	872,349
Net position - beginning,	2,156,373	2,218,064	8,620,092	7,686,052	10,776,465	9,904,116
Net position - ending	\$ 2,180,881	\$ 2,347,900	\$ 13,079,586	\$ 8,428,565	\$ 15,260,467	\$ 10,776,465

Total Primary Government revenues increased by \$4,658,656 or 123.5% from the prior year. Total Governmental Activities increased \$187,528 or 15.5%. The Business-type Activities increased \$4,471,128 or 174.8%.

Total Primary Government expenses increased by \$1,047,003 or 36.1% from the prior year. Total Governmental Activities increased \$292,856 or 27.0%. The Business-type Activities increased \$754,147 or 41.5%.

City of Everglades City, Florida
Management's Discussion and Analysis
September 30, 2023

THE CITY AS A WHOLE, CONTNUED

Capital Assets

The City's capital assets as of September 30, 2023 reflect an investment of \$15,642,974 net of accumulated depreciation.

CAPITAL ASSETS AT YEAR END

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 231,383	\$ 231,383	\$ 405,378	\$ 405,378	\$ 636,761	\$ 636,761
Construction in progress	-	-	7,191,052	933,117	7,191,052	933,117
Buildings	383,013	383,013	169,678	169,678	552,691	552,691
Improvements other than buildings	832,560	832,560	-	-	832,560	832,560
Infrastructure	1,091,928	1,091,928	13,619,529	13,619,529	14,711,457	14,711,457
Equipment & furniture	144,094	138,194	1,335,278	1,287,085	1,479,372	1,425,279
Vehicles	72,633	68,041	25,819	19,000	98,452	87,041
Accumulated depreciatio	<u>(1,635,452)</u>	<u>(1,535,745)</u>	<u>(8,223,919)</u>	<u>(7,752,629)</u>	<u>(9,859,371)</u>	<u>(9,288,374)</u>
Total capital assets	<u>\$1,120,159</u>	<u>\$1,209,374</u>	<u>\$14,522,815</u>	<u>\$8,681,158</u>	<u>\$15,642,974</u>	<u>\$ 9,890,532</u>

For additional information regarding capital assets refer to note 4.

Debt

As of September 30, 2023, the City had \$805,230 in bonds payable and \$1,598,272 in notes payable in the governmental activities. This is a increase of \$577,612 compared to the prior year.

For additional information regarding debt refer to footnote 6.

Economic Outlook

The following factors were considered when next year's budget (2023-2024) was prepared:

- Property values increased by \$9,484,815 or 8.4% to \$121,900,958.
- The City assessed a millage rate of 6.3380. This is expected to generate \$776,756 in Ad valorem tax revenue. The City's total budget is \$30,136,516. The General Fund budget is \$14,801,295 and the Proprietary Fund budget is \$15,335,221.

BASIC
FINANCIAL STATEMENTS

City of Everglades City, Florida
Statement of Net Position
September 30, 2023

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash & cash equivalents	\$ 981,204	\$ 842,365	\$ 1,823,569
Cash restricted for infrastructure	210,859	-	210,859
Accounts receivable	28,457	744,641	773,098
Lease receivable	201,899	-	201,899
Prepaid expenses	25,289	37,177	62,466
Other current assets	-	919	919
Total current assets	1,447,708	1,625,102	3,072,810
Noncurrent assets:			
Capital assets:			
Land	231,383	405,378	636,761
Construction in process	-	7,191,052	7,191,052
Capital assets being depreciated	2,524,228	15,150,304	17,674,532
Less: accumulated depreciation	(1,635,452)	(8,223,919)	(9,859,371)
Total noncurrent asset	1,120,159	14,522,815	15,642,974
Total assets	2,567,867	16,147,917	18,715,784
LIABILITIES			
Current liabilities:			
Accounts payable	56,054	521,236	577,290
Accrued expenses	2,916	1,957	4,873
Customer security deposits	2,000	51,949	53,949
Interest payable	-	17,421	17,421
Notes payable due in more than one year	-	127,632	127,632
Bonds payable due in more than one year	-	28,000	28,000
Noncurrent liabilities:			
Notes payable due in more than one year	-	1,470,640	1,470,640
Bonds payable due in more than one year	-	777,230	777,230
Total OPEB liability	146,721	72,266	218,987
Total liabilities	207,691	3,068,331	3,276,022
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of lease agreements	179,295	-	179,295
Total liabilities & deferred inflows of resources	386,986	3,068,331	3,455,317
NET POSITION			
Invested in capital assets, net of related debt	1,120,159	13,079,302	14,199,461
Restricted for:			
Infrastructure	210,859	437,095	647,954
Debt service	-	477,970	477,970
Unrestricted	849,863	(914,781)	(64,918)
Total net position	\$ 2,180,881	\$ 13,079,586	\$ 15,260,467

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, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 661,764	\$ 398	\$ 155,034	\$ (506,332)	\$ -	\$ (506,332)
Public Safety	330,499	-	-	(330,499)	-	(330,499)
Human services	24,546	-	-	(24,546)	-	(24,546)
Transportation	183,002	14,580	-	(168,422)	-	(168,422)
Culture & recreation	176,187	20,136	-	(156,051)	-	(156,051)
Total governmental activities	1,375,998	35,114	155,034	(1,185,850)	-	(1,185,850)
Business-type activities						
Water & sewer	2,569,873	1,999,946	4,759,239	-	4,189,312	4,189,312
Total primary government	\$3,945,871	\$2,035,060	\$ 4,914,273	\$ (1,185,850)	\$ 4,189,312	\$ 3,003,462

General revenues:

Property taxes	\$ 651,079	\$ -	\$ 651,079
Franchise fees, licenses & permits	90,087	-	90,087
Unrestricted state shared revenues	86,114	-	86,114
Gas taxes	35,532	-	35,532
Other taxes	101,150	214,981	316,131
Lease & interest revenue	48,157	-	48,157
Rental revenue	69,209	-	69,209
Donations	24,179	18,819	42,998
Settlements	99,405	36,351	135,756
Miscellaneous revenue	5,446	31	5,477
	1,210,358	270,182	1,480,540

Changes in net position	24,508	4,459,494	4,484,002
Net position - beginning October 1, 2022, as restated	2,156,373	8,620,092	10,776,465
Net position - ending September 30, 2023	\$ 2,180,881	\$ 13,079,586	\$ 15,260,467

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

City of Everglades City, Florida
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund
ASSETS	
Cash and cash equivalents	\$ 981,204
Cash restricted for infrastructure	210,859
Lease receivable	201,899
Accounts receivable	28,457
Prepaid expenses	25,289
Total assets	\$ 1,447,708
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 56,054
Accrued expenses	2,916
Deposits	2,000
Total liabilities	60,970
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows for lease agreements	179,295
Total deferred inflows of resources	179,295
 FUND BALANCE	
Nonspendable	25,289
Restricted	210,859
Unassigned	971,295
Total fund balances	1,207,443
Total liabilities, deferred inflows of resources & fund balances	\$ 1,447,708

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

City of Everglades City, Florida
Reconciliation of the Governmental Balance Sheet To the Statement of Net Position
September 30, 2023

Total governmental fund balance		\$ 1,207,443
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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 on the balance sheet:

Capital assets not being depreciated:		
Land		231,383
Capital assets being depreciated:		
Building, Equipment, and Vehicles	\$ 2,524,228	
Less: Accumulated Depreciation	<u>(1,635,452)</u>	888,776

Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:

Other post-employment benefits	<u>(146,721)</u>	<u>(146,721)</u>
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Net Position		<u><u>\$ 2,180,881</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 Balance - Governmental Funds
For the fiscal year ended September 30, 2023

REVENUES	General Fund
Taxes	\$ 873,875
Intergovernmental	155,034
Franchise fees, licenses, & permits	90,087
Donations	24,179
Rental	69,209
Lease & interest	48,157
Other revenues	139,965
Total revenues	1,400,506
EXPENDITURES	
Current	
Personal services	516,392
Operating expenditures	697,621
Capital outlay	17,133
Total expenditures	1,231,146
Net change in fund balance	169,360
Fund balance - October 1, 2022, as restated	1,038,083
Fund balance - September 30, 2023	\$ 1,207,443

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, 2023

Net change in fund balance for governmental funds \$ 169,360

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. In addition, gains and losses on the disposition of capital assets are recorded on the statement of activities but not in the statement of revenues expenditures and changes in net position.

Capital outlay expenditure	\$ 17,133	
Depreciation expense	<u>(103,692)</u>	(86,559)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.

Increase in OPEB expense		(55,637)
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Expenditures for various services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition.

Change in net position of governmental funds		<u><u>\$ 24,508</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 Net Position - Proprietary Fund - Utility
September 30, 2023

ASSETS	<u>Business-Type Activities</u>
Current Assets	
Cash and cash equivalents	\$ 842,365
Accounts receivable	744,641
Prepaid expenses	37,177
Other current assets	919
Total current Assets	<u>1,625,102</u>
Noncurrent/capital assets	
Land	405,378
Construction in progress	7,191,052
Buildings	169,678
Infrastructure/utility system	13,619,529
Machinery & equipment	1,335,278
Vehicles	25,819
Less: accumulated depreciation	<u>(8,223,919)</u>
Total noncurrent assets	<u>14,522,815</u>
Total assets	<u>16,147,917</u>
 LIABILITIES & NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	521,236
Accrued expenses	1,957
Interest & loan fees payable	17,421
Customer security deposits	51,949
Current portion of notes payable	127,632
Current portion of bonds payable	28,000
Total current liabilities	<u>748,195</u>
Noncurrent liabilities	
Long term portion of notes payable	1,470,640
Long term portion of bonds payable	777,230
Total OPEB liability	72,266
Total noncurrent liabilities	<u>2,320,136</u>
Total liabilities	<u>3,068,331</u>
 NET POSITION	
Invested in capital assets, net of related debt	13,079,302
Restricted for:	
Infrastructure	437,095
Debt service	477,970
Unrestricted	<u>(914,781)</u>
Total net position	<u>\$ 13,079,586</u>

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
September 30, 2023

	Business-Type Activities
OPERATING REVENUES	
Charges for services	\$ 1,999,946
Total operating revenue	1,999,946
OPERATING EXPENSES	
Personal services	338,858
Insurance	45,801
Contractual services	1,009,535
Materials & supplies	199,719
Depreciation	476,122
Utilities	105,897
Bad debt	4,215
Repairs & maintenance	315,009
Total operating expenses	2,495,156
Operating income	(495,210)
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	31
Settlement revenue	36,351
Donations	18,819
Intergovernmental grants	4,759,239
Impact fee revenue	13,870
Taxes	201,111
Interest expense	(74,717)
Total non-operating revenues	4,954,704
CHANGE IN NET POSITION	4,459,494
NET POSITION - BEGINNING OF THE YEAR, as restated	8,620,092
NET POSITION - END OF THE YEAR	\$ 13,079,586

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, 2023

	<u>Business-Type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers & agencies	\$ 1,421,290
Cash payments to supplies for goods & services	(1,341,213)
Cash payments to employees for services	(255,818)
Customer deposits received	197
Net cash provided by operating activities	<u>(175,544)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from intergovernmental agencies	4,759,239
Cash received from other sources	263,775
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition of capital assets	(6,324,947)
Principal paid on debt	(108,280)
Interest & fiscal charges paid	74,717
Proceeds from loan	685,892
Net cash used in capital & related financing activities	<u>(649,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	31
Net cash provided by investing activities	<u>31</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	(825,117)
CASH & CASH EQUIVALENTS, OCTOBER 1, 2022	<u>1,667,482</u>
CASH & CASH EQUIVALENTS, SEPTEMBER 30, 2023	<u>\$ 842,365</u>

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (495,210)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	476,122
Increase in accounts receivable	(578,238)
Increase in prepaid expenses	(23,886)
Increase in other current assets	(418)
Increase in accounts payable	356,148
Increase in accrued expenses	1,957
Increase in interest and loan fees payable	4,744
Increase in customer deposits	197
Change in OPEB liability	83,040
Net cash provided by operating activities:	<u>\$ (175,544)</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, 2023

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.

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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED**

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

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 2002 \$1,148,230 Revenue Bond 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 bond.

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.

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 land, construction in progress, 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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, Continued

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:

Asset	Years
Building	15 - 40
Improvements other than buildings	15 - 30
Infrastructure	25 - 50
Machinery, equipment & 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.

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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED**

Fund Balances, Continued

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.

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.

Budgetary Information

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 its 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.

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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 2023, the carrying amount of the City's deposits was \$2,034,428 and the bank balance was \$2,851,639. 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, 2023 was \$210,859.

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, 2023 was \$6.0754 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.

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

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 4 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

Governmental Activities:	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023
Capital assets not being depreciated:				
Land	\$ 231,383	\$ -	\$ -	\$ 231,383
Total capital assets not being depreciated:	<u>231,383</u>	<u>-</u>	<u>-</u>	<u>231,383</u>
Capital assets being depreciated:				
Buildings	383,013	-	-	383,013
Improvements other than buildings	832,560	-	-	832,560
Infrastructure	1,091,928	-	-	1,091,928
Equipment & furniture	138,194	5,900	-	144,094
Vehicles	68,041	11,233	(6,641)	72,633
Total capital assets being depreciated:	<u>2,513,736</u>	<u>17,133</u>	<u>(6,641)</u>	<u>2,524,228</u>
Less: Accumulated depreciation				
Buildings	(383,010)	-	-	(383,010)
Improvements other than buildings	(241,010)	(52,691)	-	(293,701)
Infrastructure	(791,646)	(27,298)	-	(818,944)
Equipment & furniture	(75,480)	(14,927)	-	(90,407)
Vehicles	(44,599)	(8,776)	3,985	(49,390)
Total accumulated depreciation	<u>(1,535,745)</u>	<u>(103,692)</u>	<u>3,985.00</u>	<u>(1,635,452)</u>
Total capital assets being depreciated, net	<u>977,991</u>	<u>(86,559)</u>	<u>(2,656)</u>	<u>888,776</u>
Capital Assets, Net	<u>\$ 1,209,374</u>	<u>\$ (86,559)</u>	<u>\$ (2,656)</u>	<u>\$ 1,120,159</u>

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 4 - CHANGES IN FIXED ASSETS, CONTINUED

Business-Type Activities	Balance			Balance
	Oct. 1, 2022	Additions	Deletions	Sept. 30, 2023
Capital assets not being depreciated:				
Land	\$ 405,378	\$ -	\$ -	\$ 405,378
Construction in progress	933,117	6,257,935	-	7,191,052
Total capital assets not being depreciated:	<u>1,338,495</u>	<u>6,257,935</u>	<u>-</u>	<u>7,596,430</u>
Capital assets being depreciated:				
Buildings	169,678	-	-	169,678
Infrastructure	13,619,529	-	-	13,619,529
Equipment & furniture	1,287,085	48,193	-	1,335,278
Vehicles	19,000	18,819	(12,000)	25,819
Total capital assets being depreciated:	<u>15,095,292</u>	<u>67,012</u>	<u>(12,000)</u>	<u>15,150,304</u>
Less: Accumulated depreciation				
Buildings	(54,570)	(9,548)	-	(64,118)
Infrastructure	(6,953,664)	(314,136)	-	(7,267,800)
Equipment & furniture	(737,978)	(148,417)	-	(886,395)
Vehicles	(6,417)	(4,022)	4,833	(5,606)
Total accumulated depreciation	<u>(7,752,629)</u>	<u>(476,123)</u>	<u>4,833.00</u>	<u>(8,223,919)</u>
Total capital assets being depreciated, net	<u>7,342,663</u>	<u>(409,111)</u>	<u>(7,167)</u>	<u>6,926,385</u>
Capital Assets, Net	<u>\$ 8,681,158</u>	<u>\$ 5,848,824</u>	<u>\$ (7,167)</u>	<u>\$ 14,522,815</u>

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

	<u>Amount</u>
Governmental activities	
General government	\$ 10,329
Culture & recreation	30,696
Transportation	62,667
Total depreciation expense	<u>\$ 103,692</u>
Business-type activities:	
Water	\$ 259,277
Sewer	216,846
Total depreciation expense	<u>\$ 476,123</u>

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 5 - RENTAL AGREEMENTS

The City is the lessor of approximately 80 marina boat dock slips and excess office and recreation space under short term lease agreements. The lease agreements expire every six months. Total revenue generated from property rentals for the year ended September 30, 2023 was \$40,221.

NOTE 6 - LONG TERM DEBT

Changes in bond indebtedness and notes payable of the City for the year ended September 30, 2023 are summarized below:

	Governmental		Business-Type Activities		Total
	Activities				
	OPEB Payable	OPEB Payable	Revenue Bonds	Notes Payable	
Debt payable at					
October 1, 2022	\$ 91,084	\$ 44,863	\$ 831,230	\$ 994,660	\$ 1,961,837
Debt issued	-	-	-	685,892	685,892
Debt retired	-	-	(26,000)	(82,280)	(108,280)
Additions	57,090	28,118	-	-	85,208
Deductions	(1,453)	(715)	-	-	(2,168)
September 30, 2023	<u>\$ 146,721</u>	<u>\$ 72,266</u>	<u>\$ 805,230</u>	<u>\$ 1,598,272</u>	<u>\$ 2,622,489</u>
Short term portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ 127,632</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.

Total Business-Type Revenue Bonds

\$ 805,230
\$ 805,230

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.

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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 6 - LONG TERM DEBT, CONTINUED

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.

\$ 430,385

\$161,706 loan form the Florida Department of Environmental Protection in April 2016 in conjunction with a grant in the amount of \$338,294. These funds are to be utilized for the construction of the wastewater plant. Payments begin in February 2023.

161,661

\$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.

46,237

The City entered into a Clean Water State Revolving Fund loan agreement in which the Florida Department of Environmental Protection has authorized a loan up to \$2,237,992, in conjunction with a grant in the amount of up to \$6,960,960. As of September 30, 2023, the project is ongoing. The principal amount of the loan is \$685,892, with an interest rate of 2% per annum. There will be semi-annual payments made at the completion of the project.

685,892

\$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.

274,097

Total Business-Type Notes Payable

\$ 1,598,272

The annual requirements to amortize all debts outstanding as of September 30, 2023 are as follows:

Year Ending September 30,	Business-Type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2024	\$ 28,000	\$ 37,242	\$ 127,632	\$ 23,023
2025	29,000	35,947	172,297	21,790
2026	30,000	34,606	175,068	19,061
2027	32,000	33,218	177,917	16,256
2028	33,000	31,738	114,566	14,197
2029-2033	190,000	134,224	497,672	58,096
2034-2038	237,000	86,263	174,903	29,414
2039-2043	226,230	26,590	158,217	9,176
Total	<u>\$ 805,230</u>	<u>\$ 419,828</u>	<u>\$ 1,598,272</u>	<u>\$ 191,013</u>

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

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 \$83,040 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, 2023.

Employees Covered by Benefit Terms:

At October 1, 2022, 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	<u>7</u>
Total	<u><u>7</u></u>

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, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Benefits Provided:

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, 2023.

The measurement period for the OPEB expense was October 1, 2022 to September 30, 2023.

The reporting period is October 1, 2022 through September 30, 2023.

Note - The City's Total OPEB Liability for the City's ledger adjustment was measured as of September 30, 2023 using a discount rate of 4.09%

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2022 using the following actuarial assumptions:

Age Adjustment Factor	1.19541
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	4.09%
Projected Salary Increases	2.74%
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 2014 to 2022.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Actuarial Assumptions, Continued

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 4.02%. 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	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, 2022	\$ 135,947
Changes for the year:	
Interest	2,179
Economic/Demographic Gains or (Losses)	40,370
Changes of Assumptions or Inputs	40,491
Net Changes	<u>83,040</u>
Reporting Period Ending September 30, 2023	<u><u>\$ 218,987</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 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	<u>\$ 253,379</u>	<u>\$ 218,987</u>	<u>\$ 191,291</u>

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 187,505	\$ 218,987	\$ 257,897

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

For the year ended September 30, 2023, the City will recognize OPEB expense of \$83,040. On September 30, 2023, 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.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - COMMITMENTS AND CONTINGENCIES, CONTINUED

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 - LEASE RECEIVABLE

The City is a lessor for noncancellable leases of land and a commercial dock.

Effective as of October 1, 2021, the City entered into a ten year lease as a Lessor for the use of docks. An initial lease receivable was recorded in the amount of \$143,508. As of September 30, 2023, the value of the lease receivable is \$127,936. The lessee is required to make semi-annual payments of \$6,000 with an annual increase of \$1,200 in rent payments. The lease has an interest rate of 3.419%. The value of the deferred inflow of resources as of September 30, 2023 was \$86,105, and the City recognized lease revenue of \$28,702 during the fiscal year.

Effective as of October 1, 2021, the City entered into a 59 month lease as a Lessor for the use of a tower. An initial lease receivable was recorded in the amount of \$117,714. As of September 30, 2023, the value of the lease receivable is \$73,964. The lessee is required to make monthly payments of \$2,000 with an annual 3% increase in rent payments. The lease has an interest rate of 0.515%. The value of the deferred inflow of resources as of September 30, 2023 was \$93,191, and the City recognized lease revenue of \$11,771 during the fiscal year.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 11 - HURRICANE IRMA

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. 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 \$2,070,008. The process of applying for and receiving reimbursement will continue into 2024. As of September, 2023, the City has received \$1,205,466 from FEMA and \$85,976 from FDEM and expects to receive the remaining obligated funds by September 1, 2024. The City is responsible for 2.22% in matching funds in the amount of \$46,046. The City did not incurred any costs related to Hurricane Irma repairs for the year ended September 30, 2023.

NOTE 12 - HURRICANE IAN

On September 28, 2022, Hurricane Ian made landfall along the Southwest Coast of Florida. Everglades City was impacted by this storm with 6-7 feet of storm surge. The City sustained damages to City properties, and infrastructure including the Fire Station, Community Center, City Hall, McLeod Park, Wastewater Treatment Facility and roads. 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). In December 2022, the City hired Tetra Tech, Inc to provide recovery consulting support for this storm. The City is currently working with FEMA and Tetra Tech Inc. to compile a complete damage inventory. The preliminary damage assessment is over \$3 million dollars in asset damages. The City incurred \$392,543 in costs related to Hurricane Ian repairs for the year ended September 30, 2023.

City of Everglades City, Florida
Notes to Financial Statements
September 30, 2023

NOTE 13 - PRIOR PERIOD ADJUSTMENT

The discretionary sales surtax funds are reserved for infrastructure improvements. When the collection of these funds began, they were deposited into the General Fund until an infrastructure project could be identified. In 2022, the Water Utility was experiencing problems with the concentrate line running from the Drinking Water Facility to the Copeland Lift Station. The concentrate line had become inoperable and could not move the concentrate water to the Wastewater Treatment Facility for treatment. The City worked with Florida Rural Water Association to determine what caused the failure and how could the line be cleared and returned to service. Unfortunately, attempts at clearing the line did not correct the situation and the only other solution to resolve this issue would be to replace the line. CPH, the City’s Wastewater System Engineering Firm, was tasked with designing a new wastewater service line from the Drinking Water Facility to the Copeland Lift Station. As of September 30, 2023, the design of the new line was 80% complete. This project will start construction in 2024. Since this infrastructure project is part of the Utility System the discretionary sales surtax funds were moved to the Utility Fund.

	Governmental Activities	Business-Type Activities	Government- Wide
Net position, as previously reported September 30, 2022	\$ 2,347,900	\$ 8,428,565	\$ 10,776,465
Effect of transfer of discretionary sales surtax funds	(191,527)	191,527	-
Net position, as restated September 30, 2022	\$ 2,156,373	\$ 8,620,092	\$ 10,776,465

NOTE 14 - SUBSEQUENT EVENTS

Pursuant to the provisions set forth in GASB Statement No. 56, "Subsequent Events", management has considered subsequent events through June 7, 2024, which is the date that the financial statements were available to be issued and determined that there were no events to report.

**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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 682,979	\$ 651,079	\$ 651,079	\$ -
Franchise fees	30,000	40,055	90,087	50,032
Gas tax	34,967	35,532	35,532	-
Local business tax	3,450	3,450	3,485	35
Local government infrastructure	105,801	-	-	-
State communications service tax	16,892	15,555	15,555	-
Utility tax	72,000	97,665	97,665	-
Licenses and permits	2,575	24,912	24,913	1
Intergovernmental revenues	708,609	250,713	250,713	-
Charges for services	31,010	35,114	35,114	-
Miscellaneous	125,970	236,220	196,363	(39,857)
Total revenues	<u>1,814,253</u>	<u>1,390,295</u>	<u>1,400,506</u>	<u>10,211</u>
EXPENDITURES				
Current				
General government	497,037	509,037	499,779	9,258
Public Safety	124,264	339,264	330,499	8,765
Human services	39,398	29,546	24,546	5,000
Transportation	191,400	188,002	183,002	5,000
Culture & recreation	207,828	181,187	176,187	5,000
Capital	559,258	20,000	17,133	2,867
Total expenditures	<u>1,619,185</u>	<u>1,267,036</u>	<u>1,231,146</u>	<u>35,890</u>
Net change in fund balance	195,068	123,259	169,360	46,101
Fund balance - October 1, 2022, as restated	<u>1,162,000</u>	<u>1,229,610</u>	<u>1,038,083</u>	<u>191,527</u>
Fund balance - September 30, 2023	<u><u>\$ 1,357,068</u></u>	<u><u>\$ 1,352,869</u></u>	<u><u>\$ 1,207,443</u></u>	<u><u>\$ 237,628</u></u>

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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Utility service tax	\$ 79,500	\$ 79,327	\$ 79,327	\$ -
Local government infrastructure	-	121,784	121,784	-
Licenses and permits	-	13,870	13,870	-
Intergovernmental revenue	4,477,433	4,759,239	4,759,239	-
Charges for services	1,998,650	1,999,946	1,999,946	-
Miscellaneous revenues	25	55,201	55,201	-
Proceeds from loan	-	308,253	-	(308,253)
Total revenues	<u>6,555,608</u>	<u>7,337,620</u>	<u>7,029,367</u>	<u>(308,253)</u>
EXPENDITURES				
Current				
General government	12,500	7,500	401	7,099
Physical environment	1,402,648	1,996,743	2,002,146	(5,403)
Debt service	205,535	79,717	63,800	15,917
Capital expenditures	10,374,421	6,340,000	6,324,947	15,053
Total expenditures	<u>11,995,104</u>	<u>8,423,960</u>	<u>8,391,294</u>	<u>32,666</u>
Net change in fund balance	<u>\$ (5,439,496)</u>	<u>\$ (1,086,340)</u>	(1,361,927)	<u>\$ (340,919)</u>
GAAP Reconciliation:				
Less: Capital expenditures			6,324,947	
Depreciation			(476,123)	
OPEB expense			<u>(27,403)</u>	
Excess of revenues over expenditures			4,459,494	
Beginning net position, as restated			<u>8,620,092</u>	
Ending net position			<u>\$ 13,079,586</u>	

City of Everglades City, Florida
Schedule of Changes in Net OPEB Liability and Related Ratios

For the last six fiscal years ended September 30,

Total OPEB Liability Change

Measurement Date	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Service cost	\$ -	\$ 4,826	\$ 3,226	\$ 14,376	\$ 8,061
Interest	2,179	2,798	1,481	9,606	8,148
Changes of assumptions	40,490	(42,658)	(196)	3,607	79,812
Economic/demographic changes	<u>40,370</u>	<u>51,995</u>	<u>51,897</u>	<u>(311,771)</u>	<u>63,878</u>
Net Change in Total OPEB Liability	83,039	16,961	56,408	(284,182)	159,899
Total OPEB Liability - Beginning	<u>135,947</u>	<u>118,986</u>	<u>62,578</u>	<u>346,760</u>	<u>186,861</u>
Total OPEB Liability - Ending	<u>\$ 218,986</u>	<u>\$ 135,947</u>	<u>\$ 118,986</u>	<u>\$ 62,578</u>	<u>\$ 346,760</u>
Covered employee payroll	\$ 529,111	\$ 478,328	\$ 412,224	\$ 359,839	\$ 332,531
Total OPEB liability as a percentage of covered employee payroll	41.39%	28.42%	28.86%	17.39%	104.28%

Measurement Date	<u>9/30/2018</u>
Service cost	\$ 6,227
Interest	4,740
Changes of assumptions	(18,808)
Economic/demographic changes	<u>70,360</u>
Net Change in Total OPEB Liability	62,519
Total OPEB Liability - Beginning	<u>124,342</u>
Total OPEB Liability - Ending	<u>\$ 186,861</u>
Covered employee payroll	\$ 408,273
Total OPEB liability as a percentage of covered employee payroll	45.77%

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, 2023

	Water	Sewer	Total Proprietary Fund
OPERATING REVENUES			
Charges for services	\$ 1,093,156	\$ 906,790	\$ 1,999,946
Total operating revenue	<u>1,093,156</u>	<u>906,790</u>	<u>1,999,946</u>
OPERATING EXPENSES			
Personal services	202,197	136,661	338,858
Insurance	23,248	22,553	45,801
Contractual services	188,158	821,377	1,009,535
Materials and supplies	144,931	54,788	199,719
Depreciation	216,845	259,277	476,122
Utilities	56,814	49,083	105,897
Bad debt	2,653	1,562	4,215
Repairs and maintenance	95,259	219,750	315,009
Total operating expenses	<u>930,105</u>	<u>1,565,051</u>	<u>2,495,156</u>
Operating income	<u>163,051</u>	<u>(658,261)</u>	<u>(495,210)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	18	13	31
Settlement revenue	10,318	26,033	36,351
Donations	18,819	-	18,819
Intergovernmental grants	-	4,759,239	4,759,239
Impact fee revenue	10,260	3,610	13,870
Taxes	44,423	156,688	201,111
Interest expense	(15,132)	(59,585)	(74,717)
Total non-operating revenues (expenses)	<u>68,706</u>	<u>4,885,998</u>	<u>4,954,704</u>
Change in net position	231,757	4,227,737	4,459,494
Net position, beginning October 1, 2022, as restated	<u>5,615,303</u>	<u>3,004,789</u>	<u>8,620,092</u>
Net position, ending September 30, 2023	<u>\$ 5,847,060</u>	<u>\$ 7,232,526</u>	<u>\$ 13,079,586</u>

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

**SUPPLEMENTARY
REPORTS**

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the 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 of the City of Everglades City, Florida (the "City") as of and for the fiscal year ended September 30, 2023, 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 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 7, 2024

Independent Auditors' Report on Compliance For Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance required by the *Uniform Guidance, Chapter 10.650, Rules of the Auditor General of the State of Florida*

To the Honorable Mayor and City Council
City of Everglades City, Florida

Report on Compliance for Each Major Federal Program & State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Everglades City, Florida (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement; and Florida Department of Financial Service's State Projects Compliance Supplement, that could have a direct and material effect on each of the City's major federal programs and state financial assistance projects for the fiscal year ended September 30, 2023. The City's major federal programs and state financial assistance projects are identified in the Schedule of Expenditures of Federal Awards and State Financial Assistance and the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program and state projects for the fiscal year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state projects on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state projects will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for an other purpose.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida

June 7, 2024

City of Everglades City, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance

For the fiscal year ended September 30, 2023

FEDERAL/ STATE AGENCY <i>Pass-through entity</i> Federal/ State Program Title	ALN/ CSFA Number	Award Number	Expenditures
FEDERAL AWARDS:			
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	HUD B-22-CP-FL-0231	\$ 15,791
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	HUD B-22-CP-FL-0232	14,109
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>29,900</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed through the Florida Division of Emergency Management</i> Coronavirus State Fiscal Recovery Fund	21.027	Y5081/FL0385	399
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>399</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Clean Water State Revolving Fund	66.458	4C-02D38022-0	3,440,167
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>3,440,167</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Florida Division of Emergency Management</i> Disaster Grants - Public Assistance	97.036	FEMA-4337-DR-FL / Z0430	1,015
Disaster Grants - Public Assistance	97.036	FEMA-4673-DR-DL/Z3137	391,528
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>392,543</u>
Total Expenditures of Federal Awards			<u>\$ 3,863,009</u>
STATE FINANCIAL ASSISTANCE:			
<u>STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0159	\$ 3,103,532
Hurricane Stormwater and Wastewater Assistance	37.114	HA030	4,500
Hurricane Stormwater and Wastewater Assistance	37.114	HA020	9,250
Hurricane Stormwater and Wastewater Assistance	37.114	HA003	57,200
			<u>70,950</u>
TOTAL STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			<u>3,174,482</u>
Total Expenditures of State Financial Assistance			<u>\$ 6,278,014</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 10,141,023</u>

The accompanying notes are an integral part of this schedule.

City of Everglades City, Florida
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the fiscal year ended September 30, 2023

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) presents the activity of all federal awards and state financial assistance of the City of Everglades, Florida (the “City”) for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, the schedule is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The City’s reporting entity is defined in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2023. All federal award programs and state financial assistance received directly from federal and state agencies, as well as federal award and state financial assistance programs passed through other government agencies, are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements for the fiscal year ended September 30, 2023. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City did not utilize the 10-percent de minimis indirect cost rate for reimbursement of grant expenditures as covered in 2 CFR 200.414 (f) Indirect Costs.

NOTE 3 – CONTINGENCIES

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2023, there were no material questioned or disallowed costs as a result of grant audits in process or completed of which management was aware. Any adjustments to grant funding are recorded in the year the adjustment occurs.

City of Everglades City, Florida
 Schedule of Findings and Questioned Costs
 Federal Programs and State Projects
 For the fiscal year ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financing reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Noncompliance material to financial statements noted?	No

Federal Award Programs and State Projects

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Type of auditor's report issued on compliance for major federal programs and state projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (section 200.516(a)) or Chapter 10.650, Rules of the Auditor General of the State of Florida.	No

Identification of major federal programs and state projects:

<u>Major Federal Programs:</u>	<u>ALN Number</u>
Clean Water State Revolving Fund	66.458
<u>Major State Projects:</u>	<u>CSFA Number</u>
Statewide Surface Water Restoration and Wastewater Projects	37.039

Dollar threshold used to determine Type A programs:

Federal programs	\$ 750,000
State projects	\$ 750,000

Auditee qualified as low-risk auditee? No

City of Everglades City, Florida
Schedule of Findings and Questioned Costs - (Continued)
Federal Programs and State Projects
For the fiscal year ended September 30, 2023

Section II – Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs - Major Federal Programs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported by 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs - Major State Projects

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major state projects, as required to be reported by Chapter 10.550, *Rules of the Auditor General – Local Governmental Entity Audits*.

There were no findings required to be reported by Chapter 10.550, *Rules of the Auditor General*.

Section V - Status of Prior Year Audit Findings

The City did not meet the Uniform Guidance threshold requiring a Federal Single audit for the year ended September 30, 2022. The City did not meet the State Financial Assistance thresholds requiring a State single audit for the year ended September 30, 2022. Therefore, the City had no findings which to report for the Summary Schedule of Prior Years' Audit Findings.

The City had no audit findings reported in the schedule of Findings and Questioned Costs for the year ended September 30, 2023, therefore, the City is not required to prepare a corrective action plan.

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, 2023, and have issued our report thereon dated June 7, 2024.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

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; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 7, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. 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 had no component units as of September 30, 2023.

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 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 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the (Board of Commissioners, 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 7, 2024

Independent Accountant's Examination Report

Honorable Mayor and City Council
City of Everglades City, Florida

Report on Compliance

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, 2023. 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.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants AT-C Section 315, promulgated by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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 7, 2024