



# CITY COMMISSION REGULAR MEETING

Meeting Streamed By YouTube - LIMITED CAPACITY  
Tuesday, April 26, 2022

## AGENDA

Keith W. Babb, Jr. **Mayor** | Clara Murvin **Vice-Mayor**

Rodney Lucas **Interim City Manager** | Tijauna Warner **City Clerk** | Burnadette Norris-Weeks **City Attorney**

**Commissioners:** Derrick Boldin | Juan Gonzalez | Sara Perez

### A. INVOCATION AND PLEDGE OF ALLEGIANCE

### B. ROLL CALL

1. **Palm Beach County Commission on Ethics** - Christie Kelley (Executive Director) & Gina Levesque (Intake and Compliance Manager)

2. **FY 2019-2020 Annual Audit Report**

### C. ADDITIONS, DELETIONS, AND APPROVAL OF AGENDA ITEMS:

### D. CITIZEN COMMENTS/PUBLIC SERVICE ANNOUNCEMENTS – All Items on Agenda (3 Minutes)

### E. APPROVAL OF MINUTES

### F. CONSENT AGENDA

### G. REGULAR AGENDA

1. ORDINANCE(S) & PUBLIC HEARING:

2. RESOLUTION(S):

A. **RESOLUTION 2022 - 12 A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A SERVICE AGREEMENT WITH COASTAL NETWORK SOLUTIONS, LLC EXHIBIT "A"; PROVIDING FOR AN EFFECTIVE DATE.**

B. **RESOLUTION 2022 - 13 A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A SERVICE AGREEMENT WITH IMAGINE THAT PERFORMANCE, LLC EXHIBIT "A"; PROVIDING FOR AN EFFECTIVE DATE.**

C. **RESOLUTION 2022 - 14 A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA APPROVING BUDGET AMENDMENT NO. 1 IN THE AMOUNT OF \$1,884,832.00 FOR FISCAL YEAR 2021–2022, SET FORTH IN COMPOSITE EXHIBIT "A" ATTACHED HERETO; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.**

3. OTHER AGENDA ITEMS PRESENTATION:

A. **Inframark Infrastructure Management Services (Public-Private Partnership)** - Robert Koncar

B. **Recognition of the City of Pahokee's 100th Anniversary** - Shwanda Barnette, Ambassador, Florida League of Cities

C. **May 2022 Mental Health Awareness and Trauma-Informed Care Month Proclamation**

D. **Financial Literacy Month Proclamation**

### H. REPORT OF THE MAYOR

### I. REPORT OF THE CITY MANAGER

**J. REPORT OF THE CITY ATTORNEY**

**K. NEW BUSINESS:**

**L. OLD BUSINESS:**

**M. COMMISSIONER COMMENTS**

**N. ADJOURN (BY MOTION AND APPROVAL OF MAJORITY PRESENT)**

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Any citizen of the audience wishing to appear before the City Commission to speak with reference to any agenda or non-agenda item must complete the “Request for Appearance and Comment” form and present completed form to the City Clerk prior to commencement of the meeting.

Should any person seek to appeal any decision made by the City Commission with respect to any matter considered at this meeting, such person will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Reference: Florida Statutes 286.0105)

In accordance with the provisions of the Americans with Disabilities Act (ADA), this document can be made available in an alternate format upon request. Special accommodations can be provided upon request with three (3) days advance notice of any meeting, by contacting City Clerk Tijauna Warner at Pahokee City Hall, 207 Begonia Dr. Pahokee, FL 33476 Phone: (561) 924-5534. If hearing impaired, telephone the Florida Relay Service Number, 800-955-8771 (TDD) or 800-955-8770 (Voice), for assistance. (Reference: Florida Statutes 286.26).

# Code of Ethics Training



**For county and municipal  
officials and employees**

**Christie E. Kelley  
Executive Director**

# PBC Commission on Ethics

Five volunteer members, each appointed by the following community “stakeholders” to serve four-year terms:

- ◆ PBC Association of Chiefs of Police (**Carol DeGraffenreidt**)
- ◆ PBC League of Cities (**Rodney Romano**)
- ◆ President of Florida Atlantic University (**Peter Cruise**)
- ◆ PBC Bar Association in conjunction with the Hispanic Bar Association and the F. Malcolm Cunningham Bar Association (**Michael Kugler**)

# COE Staff-What We Do

- **Investigate complaints**
- **Questions about the Code of Ethics**
- **Provide advisory opinions**
- **Training and community outreach**
- **Understand your responsibilities**

## Frequently Asked Questions

### What is the purpose of the Code of Ethics?

- Promote honest and ethical conduct.
- Protect confidential information.
- Increase public trust in local government.

As public officials and employees, we must be transparent in all of our actions.

# Frequently Asked Questions

## Who does the Code of Ethics apply to?

- All county and municipal employees, elected officials, and advisory board members.
- Not state officers or employees, and not constitutional officers or their employees.

# Overview of Today's Training

## ❖ **Ethics Decision Tree**

- ◆ Steps to avoid violations and problems

## ❖ **The Code of Ethics**

- ◆ Prohibited Conduct
- ◆ Gift Law
- ◆ Miscellaneous Provisions

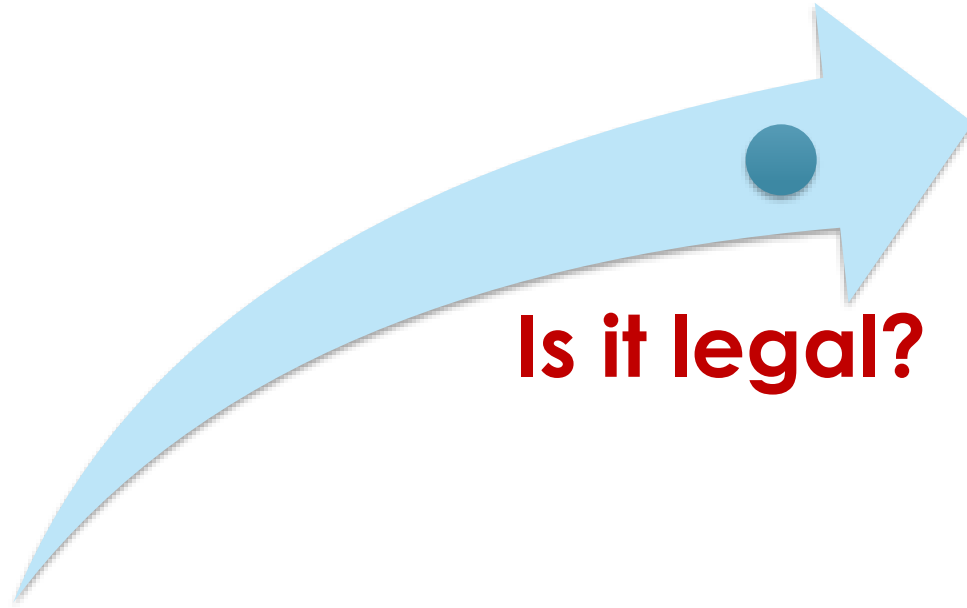


# Ethics Decision Tree

A four-step process designed to help you identify things to consider before taking some action.



Use the “Ethics Decision Tree”  
before you act, and ask yourself...



**Is it legal?**

Use the “Ethics Decision Tree”  
before you act, and ask yourself...

Section B, Item 1.

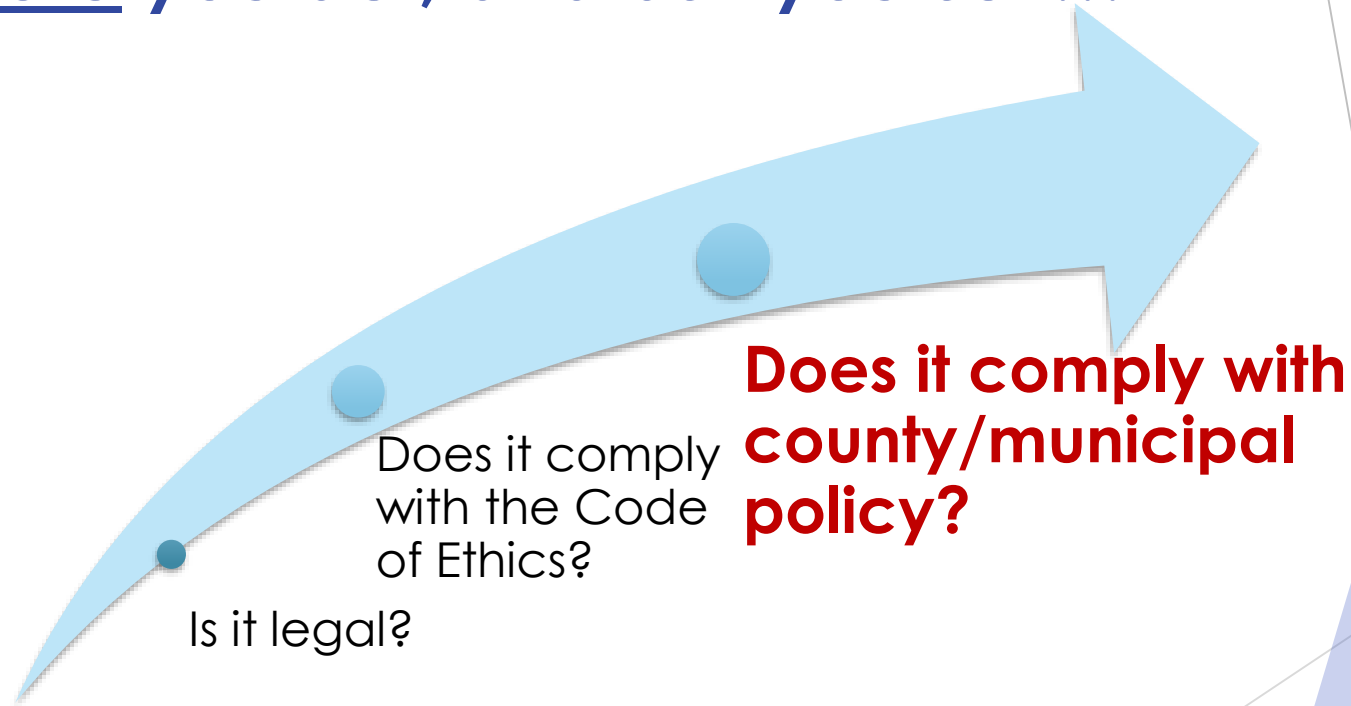


Is it legal?

**Does it comply  
with the Code  
of Ethics?**

# Use the “Ethics Decision Tree” before you act, and ask yourself...

Section B, Item 1.



# Use the “Ethics Decision Tree” before you act, and ask yourself...

Section B, Item 1.



**Could your actions create  
problems for your public employer  
or the people you serve?**

Does it comply with county/ municipal policy?

Does it comply with the Code of Ethics?

Is it legal?



# **PROHIBITED CONDUCT**

## **SECTION 2-443**

# Prohibited Conduct

- **Sec. 2-443(a)**, *Misuse of public office or employment*
- **Sec. 2-443(b)**, *Corrupt misuse of official position*
- **Sec. 2-443(c)**, *Disclosure of voting conflicts*
- **Sec. 2-443(d)**, *Contractual relationships*

# Misuse of Office

## Section 2-443(a)

Public employees and officials are **prohibited from using their official position** in a manner that results in a “**special financial benefit**” being given to...



# No Special Financial Benefit given to:

Section B, Item 1.

1. Themselves
2. A household member, spouse, or domestic partner
3. Outside business or employer of theirs or their spouse or domestic partner
4. A close family relative or their business or employer
5. A customer or client of their outside business or employer
6. A debtor or creditor of the official or employee, who owes or is owed more than \$10,000 (except banking and mortgage institutions)
7. Any organization **of which** the official/employee or their spouse/domestic partner serves as an officer or director of that organization

# Special Financial Benefit

- ❖ ***Financial benefit*** – *anything* of value that is obtained through your official position:
  - Your government employment;
  - Your elected position in government;
  - Your advisory board appointment.

# Special Financial Benefit

- One **not** shared with “**similarly situated**” members of the general public
  - **similarly situated**
    - ✓ **everyone** affected by a decision is affected in essentially the same manner, and
    - ✓ the group impacted must be large enough to allow a significant number of people to benefit.
      - 1% percent rule

# Misuse of Office

## The Code Enforcement Officer

- A code enforcement officer is assigned to inspect property owned by his son.

May he inspect his son's property?



# Misuse of Office

## The Code Enforcement Officer

- A code enforcement officer is assigned to inspect property owned by his son.

### May he inspect his son's property?

Yes. There is no prohibited conflict of interest based solely on the parent-child relationship. Where the public employee simply does his job and does not give his son a "special financial interest," there is no prohibition under the Code.



# Misuse of Office

## The Code Enforcement Officer

- A code enforcement officer is assigned to inspect property owned by his son.

### Should he inspect his son's property?

*Probably not. Think about the appearance of impropriety.*



# Misuse of Office

## The Code Enforcement Officer

- The code enforcement officer noticed that his son's sidewalk as well as the two houses on either side of his son's house need to have their sidewalks pressure washed. The code enforcement officer cites the other two houses but not his son's.

**Has he violated the misuse of office section of the code?**



# Misuse of Office

## The Code Enforcement Officer

- The code enforcement officer noticed that his son's sidewalk as well as the two houses on either side of his son's house need to have their sidewalks pressure washed. The code enforcement officer cites the other two houses but not his son's.

**Has he violated the misuse of office section of the code?**

Yes! He used his position to give a special financial benefit to his son.





# Disclosure of Voting Conflicts

## Section 2-443(c)

An official may not vote on or participate in any matter which will provide a **special financial benefit** to specific persons or entities.

# Disclosure of Voting Conflicts

Section B, Item 1.

Officials may not vote on or participate in a matter that will result in a special financial benefit being given to:

1. Themselves
2. Their spouse, domestic partner, or household member
3. An outside employer or business of theirs or their spouse or domestic partner
4. A close family relative or their business or employer
5. A customer or client of the official's outside employer or business
6. A substantial debtor or creditor
7. Any organization – serves as an officer or director

# Disclosure of Voting Conflicts

Section B, Item 1.

## The Vote on Waterlines

- A proposal comes before the town council for a vote on whether to install new waterlines in a neighborhood.
- A Council Member lives in a home in this neighborhood.
- There are 150 homes within this neighborhood that are affected.



# Disclosure of Voting Conflicts

## The Vote on Waterlines

**May the council member vote on this project without violating the Code of Ethics?**



# Disclosure of Voting Conflicts

Section B, Item 1.

**Yes!**

Where the public official votes on a measure that affects all members of a class equally, and the class is sufficiently large, there is no “special financial benefit” to the council member.



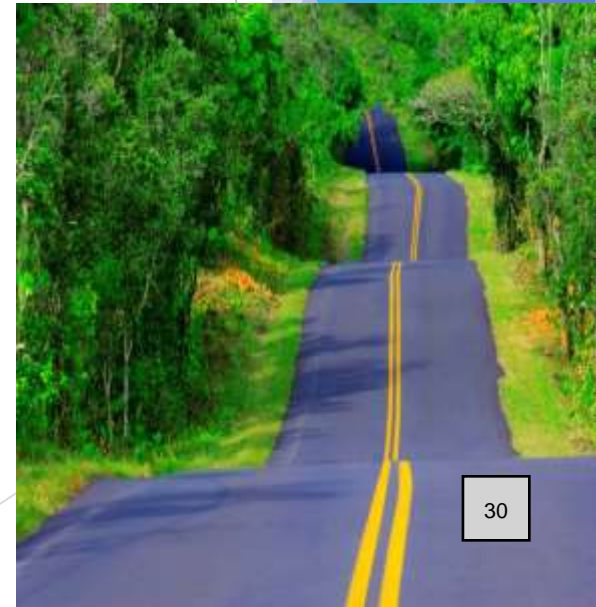
# Disclosure of Voting Conflicts

Section B, Item 1.

## Road Improvement

- A city councilman is on the board of directors of a local church, which is a not-for-profit organization. The city council will be voting on whether to pave the road that the church sits on. There are 25 properties on the road that may be paved.

**May** the city councilman, who is a member of the church board of directors, **discuss or vote** on the road project taking place in front of the church?



# Disclosure of Voting Conflicts

**No!**

He would not be allowed to

1) participate in the discussion of whether to approve this road project or

2) vote on that matter,

because he is a board member of the church and size of the class impacted by this project is small.



# Corrupt Misuse of Official Position

## Section 2-443(b)

Section B, Item 1.

You may not use your official position...  
(your government employment, advisory board membership, or elected title or powers)

- ✓ ...to corruptly secure...
- ✓ ...a “special benefit” ...  
(does not have to be a financial benefit)
- ✓ ...for any person



# Corrupt Misuse of Official Position

❖ ...a “special benefit” ...

- ◆ any benefit you or another person are not entitled to have or to give
- ◆ not necessarily financial, although it could be

# Corrupt Misuse of Official Position

❖ ... “corruptly” means...

- ◆ Done with wrongful intent, and which is...
- ◆ Inconsistent with the “proper performance” of your public duties

# Corrupt Misuse of Official Position

Section B, Item 1.

## The Parking Ticket

- The city manager received a parking citation after parking in a restricted city parking lot. The city manager approached the parking officer and told her that he was the city manager and has a special city placard that allows him to park in any city lot. The parking officer voided the ticket. The city manager does not have a special placard that allows him to park in any city lot.

**PAY  
TO  
PARK  
ALL  
HOURS**

# Corrupt Misuse of Official Position

## The Parking Ticket

Did the city manager  
violated the corrupt misuse  
section of the code of  
ethics by his actions?

PAY  
TO  
PARK  
ALL  
HOURS

# Corrupt Misuse of Official Position

## The Parking Ticket

Section B, Item 1.

**Yes!**

- He improperly used his authority to act in a way that had “**wrongful intent**” and was “**inconsistent with the proper performance of his public duties.**”

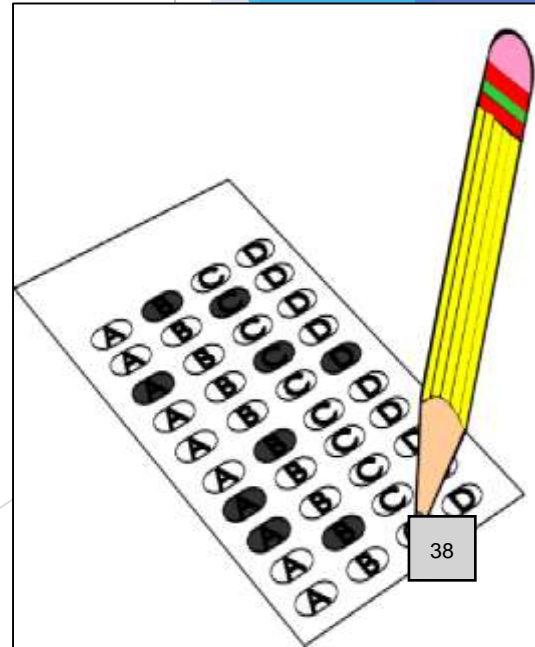
**PAY  
TO  
PARK  
ALL  
HOURS**

# Corrupt Misuse of Official Position

## The Tricky Test-Taker

- Every employee in a city department is required to sit for an annual certification examination.
- It is paid for by the city and half of the employees take the exam on Monday and the other half take the exam on Friday.
- A test-taker from Monday's sitting made copies of the exam and his answers and distributed it to his fellow co-workers.

**Is the employee in violation of the corrupt misuse of official position?**



# Corrupt Misuse of Official Position

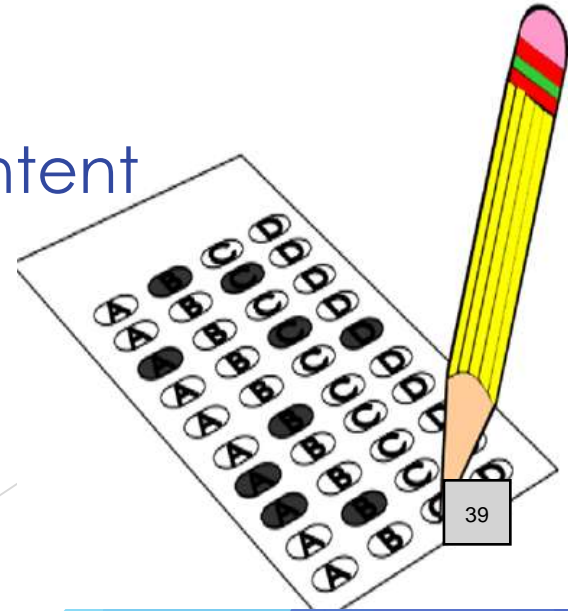
## The Tricky Test-taker

Section B, Item 1.

**Yes**

The employee improperly used his position, as a city employee, to give a special benefit to his co-workers.

His action was done with a wrongful intent and was inconsistent with the proper performance of his duties as a city employee.



# Contractual Relationships

## Section 2-443(d)

The Code regulates some contracts you may enter into in your private capacity because of your public employment or position.

### General Rule

- ◆ You,
- ◆ Your outside employer, or
- ◆ Your outside business

cannot contract with or provide any goods or services for payment to your public employer or the public entity you serve.





# Exceptions to the Rule!

# Exceptions

Section B, Item 1.

1. Your outside employer is another governmental entity
2. It is a sealed bid/low-bid contract (and you meet the additional requirements within this exception)
3. Emergency purchases
4. Sole source of supply
5. Contract or goods supplied are valued at less than \$500 per year
6. You are a public employee and you meet the part-time outside employment exception and obtain a waiver (this only applies to employees, not elected or appointed officials)
7. For extra-duty details (Police and Fire exception)
  - This does not apply for outside employment of businesses, but applies only to off duty details where these employees are hired through their public employer.

# Part-time Outside Employment Waiver

## Do you need to file one?

[applies only to employees, not to officials]

The question you must answer:

**IS** your potential part-time employer  
a **vendor** of your government employer?

# Outside Employment Waiver

- If your potential part-time employer **IS a vendor** of your public employer, in order for you to work there, you **must file a conflict of interest waiver**.
- If your potential part-time employer **is not a vendor** of your public employer, you **DO NOT** need to file a conflict of interest waiver, because there is **no conflict of interest to waive**.

# Outside Employment Waiver

## What are the requirements?

- Your potential outside employer does **not** have contracts that you or your department or section will oversee, administer or enforce.
- You did **not** participate in awarding the contract to your potential outside employer in any way.
- This part-time employment will **not** impair or interfere with your government job. (This should be determined by your supervisor)
- You have **complied** with any internal policy of your government employer concerning outside employment.

# Outside Employment Waiver

- Complete and sign. (Acknowledge each of the five declarations.)
- Review and signed by Supervisor.
- Review and signed by Chief Administrative Officer.

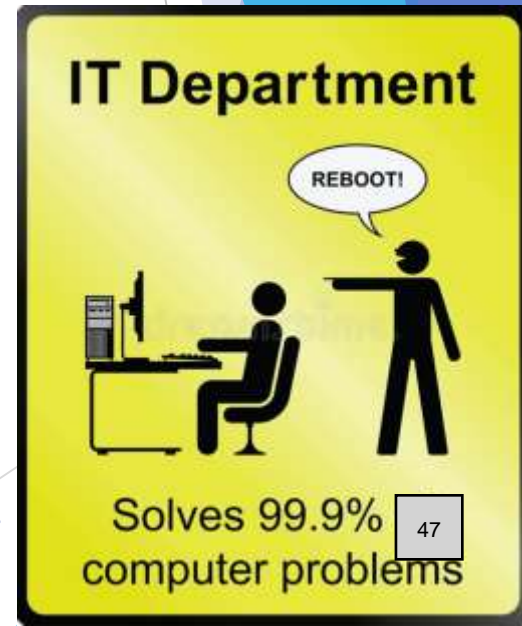
## SEND ORIGINAL TO HR AND COPY TO COE

- Remember, this is **only** needed **if** the potential part-time employer is a **vendor** of your public employer, **and** the potential part-time employer is not one of the exceptions already allowed within the code! (such as other governmental entities)

# Misuse of Office

## The Employee Entrepreneur

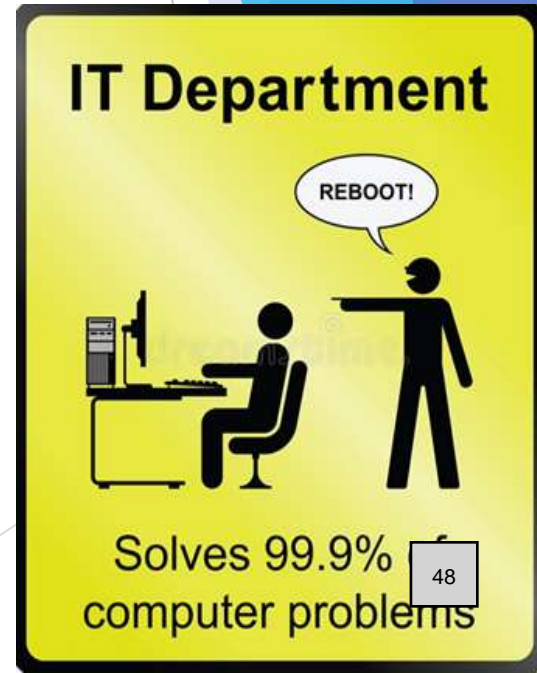
- A city employee would like to start a part-time business where she performs IT consulting work.
- She is employed full-time by the city in the IT Department.



# Misuse of Office

## The Employee Entrepreneur

**May** the employee privately contract to perform IT work when she is a city employee in the IT Department?





# Misuse of Office

## The Employee Entrepreneur

**Yes!**

- As long as she is not providing those services to her city, directly or indirectly, and she follows her public employer's rules for outside employment, she can perform such work privately.
- However, she **cannot** use city resources to complete such work.

### IT Department



Solves 99.9%  
computer problems

# Misuse of Office

## The Employee Entrepreneur

The employee thinks she should refrain from identifying or alluding to her position with the town, wearing her work shirt with the city logo on it, and driving a town vehicle while soliciting potential clients to her private IT consulting business.

Is she correct?

# Misuse of Office

## The Employee Entrepreneur

**Yes!**

The use of her “official position” to attract potential clients to hire her private business would violate the misuse of office section of the code of ethics.

# Contractual Relationships

Section B, Item 1.

The child of a city employee **solely owns** a pressure cleaning business.

The child employee does no work for the business and is not involved with the business in any way.



# Contractual Relationships

**May the child of the employee enter into a contract with the city to provide pressure cleaning services under the Code of Ethics?**



# Contractual Relationships

**Section 2-442 of the Code defines an outside business as** “Any entity located within the county which does business with or is regulated by the county or municipality as applicable, **in which the official or employee has an ownership interest**. For the purposes of this definition, **an “ownership interest” shall mean at least 5% of the total assets** or common stock owned by the official or employee **or any combination of the employee’s** household members, spouse, **child**, step-child, brother, sister, parent or step-parent, or a person claimed as a dependent on the official or employee’s latest individual federal tax return.

# Contractual Relationships

**May the child of the employee enter into a contract with the town to provide pressure cleaning services under the Code of Ethics?**



# Contractual Relationships

Answer: In general, **NO!**

The child may not enter into an agreement to provide services to the municipality...unless one or more of the 7 exceptions applies:

- ☐ If it is a sealed bid, low bid contract.
- ☐ If services would be under \$500
- ☐ They are the only local pressure cleaning company in that municipality
- ☐ Any other exception that may apply

## Exceptions

1. Your outside employer is another governmental entity
2. It is a sealed bid/low-bid contract
3. Emergency purchases
4. Sole source of supply
5. Contract or goods supplied are valued at less than \$500 per year
6. You are a government employee and you meet the part-time outside employment exception
7. For extra-duty details (Police and Fire exception)



# Gift Law

## Section 2-444

Section B, Item 1.

### What is a gift?

- transfer of anything of economic value without adequate and lawful consideration



# Gift Law

## Section 2-444

Section B, Item 1.

### Absolute Prohibitions: \$0

- ⊘ Kickbacks/Bribes
  - ⊘ No Quid Pro Quo
- ⊘ Tips (with one exception)



# LIMITED EXCEPTION FOR TIPS

Section B, Item 1.

## Advisory Opinion - RQO 11-028

### Question:

May employees working as town employees in service-related fields, such as bartenders and servers at the town's country club restaurant, continue to receive tips?

# LIMITED EXCEPTION FOR TIPS

**Yes!!**

Government employees in service-related jobs, who were hired with the understanding that they would receive tips as a portion of their work compensation and where this is the **“standard compensation within this service occupation,”** may receive tips.

# Gift Law

Section B, Item 1.

**\$100 limit** (annually in the aggregate) on accepting gifts from any

- **Vendor** of your public employer
- **Bidder/proposer** (trying to become a vendor)
- **Lobbyist** who lobbies your public employer
- **Principal or employer** of lobbyists who lobby your public employer



# Gift Law

Section B, Item 1.

Prohibition on **soliciting** any gift from

- Vendor of your public employer
- Bidder/proposer (trying to become a vendor)
- Lobbyist who lobbies your public employer
- Principal or employer of lobbyists who lobby your public employer

where the gift is for the personal benefit of you, another official or employee, or any relative or household member of yours.



# Gift Law

## Reporting Requirements (State reporters)

- While the prohibitions against taking gifts from certain individuals or entities within the Palm Beach County Code of Ethics does apply to state reporting officials and employees, the reporting requirements for state reporters are governed by state law under Section 112.3148, Florida Statutes.
- If state law requires a gift to be reported on a state of Florida Quarterly gift report, a copy must also be sent to the PBC COE within ten days (10) of filing such gift report.

# Gift Law Reporting Requirements

## State Reporting Individuals

- “Local Officers” and certain administrative managers.
- Quarterly reporting may be required.
- File your state form with your Clerk and a copy to the County Commission on Ethics within ten (10) days of doing so.

\*FLORIDA COE: (850) 488-7864

Form 9		QUARTERLY GIFT DISCLOSURE (GIFTS OVER \$100)		Section B, Item 1.
LAST NAME -- FIRST NAME -- MIDDLE NAME		NAME OF AGENCY		
MAILING ADDRESS		OFFICE OR POSITION HELD		
CITY	ZIP	COUNTY	FOR QUARTER ENDING (CHECK ONE): YEAR JANUARY JUNE SEPTEMBER DECEMBER 20__	

**PART A -- STATEMENT OF GIFTS**

Please list below each gift, the value of which you believe to exceed \$100, accepted by you during the calendar quarter for which this statement is being filed. You are required to describe the gift and state the monetary value of the gift, the name and address of the person making the gift, and the date the gift was received. If any of these facts, other than the gift description, are unknown or not applicable, you should so state on this form. As explained more fully in the instructions on the reverse side of this form, you are not required to disclose gifts from relatives or certain other gifts. You are not required to file this statement for any calendar quarter during which you did not receive a reportable gift.

DATE RECEIVED	DESCRIPTION OF GIFT	MONETARY VALUE	NAME OF PERSON MAKING THE GIFT	ADDRESS OF PERSON MAKING THE GIFT

☐ CHECK HERE IF CONTINUED ON SEPARATE SHEET

**PART B -- RECEIPT PROVIDED BY PERSON MAKING THE GIFT**

If any receipt for a gift listed above was provided to you by the person making the gift, you are required to attach a copy of that receipt to this form. You may attach an expansion of any differences between the information disclosed on this form and the information on the receipt.

☐ CHECK HERE IF A RECEIPT IS ATTACHED TO THIS FORM

**PART C -- OATH**

I, the person whose name appears at the beginning of this form, do declare on oath or affirmation and say that the information disclosed herein and on any statements made by me constitutes a true account, and that listing of all gifts required to be reported by Section 112.318, Florida Statutes.

Florida Statutes:

\_\_\_\_\_  
SIGNATURE OF REPORTING OFFICIAL

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_  
Be sworn to (or affirmed) and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

(Signature of Notary Public-State of Florida)

\_\_\_\_\_  
Print, Type, or Stamp Commissioned Name of Notary Public  
Permanently Resides: \_\_\_\_\_ City: \_\_\_\_\_  
Type of Identification Provided: \_\_\_\_\_

**PART D -- FILING INSTRUCTIONS**

This form, when duly signed and witnessed, must be filed with the Commission on Ethics, P.O. Drawer 13378, Tallahassee, Florida 32303, 105 John Knox Road, Building E, Suite 200, Tallahassee, Florida 32303. The form must be filed no later than the last quarter that follows the calendar quarter for which this form is filed (for example, if a gift is received in March, it should be disclosed in the June filing).

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# Gift Law

## Reporting Requirements

### (Non-state Reporters/Local Reporting Individuals)

- Gifts valued in excess of \$100 per year given by anyone to a public employee must be reported on an annual basis to the PBC Commission on Ethics.
  - unless it is one of the exceptions to the Gift Law found in Section 2-444(g)

# Gift Law Disclosure Requirements

## Local Reporting Individuals/Non-state Reporters

- Yearly reporting (calendar year) but only if you have a gift that must be reported.
- Due January 31<sup>st</sup> of the next year after the gift was received.
- Send to COE by Fax, Email or U.S. Mail.
- If you have no reportable gifts, **please do not file a blank form.** (you have no obligation to file a gift report if you have accepted no reportable gifts that year!)

**PBC Gift Form** **YEARLY GIFT DISCLOSURE (GIFTS OVER \$100)**

Section B, Item 1.

LAST NAME — FIRST NAME — MIDDLE NAME: \_\_\_\_\_ NAME OF MUNICIPALITY: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_ DEPARTMENT: \_\_\_\_\_ OFFICE OR POSITION HELD: \_\_\_\_\_

CITY: \_\_\_\_\_ ZIP: \_\_\_\_\_ FISCAL YEAR: \_\_\_\_\_

**PART A — STATEMENT OF GIFTS**

Please list below each gift, the value of which you believe is valued \$100, accepted by you during the 2024 year, October 1-September 30, for which this statement is being filed. You are required to describe the gift and state the monetary value of the gift. The name and address of the person making the gift, and the date(s) the gift was received. If any of these facts, other than the gift description, are unknown or not applicable, you should so state on the form. An explanation must fully be in the instructions on page 2 of the form. You are not required to disclose gifts from relatives or unless other gifts. **You are not required to file this statement for any fiscal year during which you did not receive a reportable gift.**

DATE RECEIVED	DESCRIPTION OF GIFT	MONETARY VALUE	NAME OF PERSON MAKING THE GIFT	ADDRESS OF PERSON MAKING THE GIFT

☐ CHECK HERE IF CONTINUED ON SEPARATE SHEET

**PART B — RECEIPT PROVIDED BY PERSON MAKING THE GIFT**

If any receipt for a gift listed above was provided to you by the person making the gift, you are required to attach a copy of that receipt to this form. You may attach an explanation of any differences between the information disclosed on this form and the information on the receipt.

☐ CHECK HERE IF A RECEIPT IS ATTACHED TO THIS FORM

**PART C — OATH**

I, the person whose name appears at the beginning of this form, do depose on oath or affirmation and say that the information disclosed herein and on any attachments made by me constitutes a true accurate and total listing of all gifts required to be reported by Article XVI, Sec. 2-444 of the Palm Beach County Code of Ethics.

SIGNATURE OF REPORTING OFFICIAL: \_\_\_\_\_

**PART D — FILING INSTRUCTIONS**

This form, when duly signed, must be filed with the Commission on Ethics, 300 South Dixie Highway, Suite 400, West Palm Beach, Florida 33411. The form must be filed no later than the first day of November for the person's reporting year.

(Form adopted 11/1/2023)

Page 1

# Gift Law

**\*\* Even if you are not the final recipient of the gift, a gift that you solicited or received for the purpose of giving it to another is a “pass through gift,” and you may be responsible to report it as such. \*\***

# Exceptions to the Definition of Gifts

Section B, Item 1.

- Gifts from relatives or members of your household
- Personal gifts, if given by a personal friend or co-worker and the **motivation** of the gift is that friendship or work relationship
- Awards for civic or professional achievement
- Advertising materials (even if from vendors)
- Gifts solicited on behalf of your public employer for a public purpose
- Any inheritance (regardless of who it is from)
- Lawful political contributions
- Registration fees and other costs for educational conferences where attendance is for governmental purposes and related to public duties and responsibilities.



# Gift Law

Section B, Item 1.

## Thank You Gift

A city library employee received a \$25 gift card from a member of the public after helping that person locate certain books in the library for research.

**Can the employee accept the gift?**

# Gift Law

Section B, Item 1.

## Thank You Gift

**No!!**

The employee **cannot** accept a gift for completing tasks their public employer employs them to do. This is a tip, and tips cannot be accepted **unless** it meets the **one** exception to tips. (Unlikely for that particular position)

# Gift Law

Section B, Item 1.

## Hotel Stay for Conference

A city employee is attending a conference on behalf of the city. The attendance at the conference and hotel stay was approved by the city and paid for by the city.

**Does the employee have to report the attendance fee and hotel room as a gift?**

# Gift Law

## Hotel Stay for Conference

**No!**

The employee does not have to report the travel expenses because they are excluded from definition of gift (one of the exceptions)

## EXCEPTIONS TO THE DEFINITION OF GIFTS (ONLY FOR NON-STATE REPORTING INDIVIDUALS)

Section B, Item 1.



- ❖ Gifts from relatives or members of your household
- ❖ Personal gifts over \$100, if given by a personal friend or co-worker and motivation of is friendship/social relationship
- ❖ Awards for civic/professional achievement
- ❖ Advertising materials (from vendors)
- ❖ Gift solicited for a public purpose
- ❖ Inheritance
- ❖ Political contributions
- ❖ Registration fees and other costs for educational conferences where attendance is for governmental purposes and related to public duties and responsibilities





# Gift Law

Section B, Item 1.

You “**inadvertently**” accepted a gift valued at greater than \$100 from a prohibited source (vendor, lobbyist, etc.), what can you do?

# Gift Law

Section B, Item 1.

You can fix the problem IF you

- reimburse the gift giver the amount in excess of \$100, or
- return the entire gift.

**But**, you must do this within 90 days of accepting the gift.

# Charitable Solicitations

Section 2-444(h)

How does the \$100 gift limit rule apply to solicitations and donations from a vendor or lobbyist that are meant for a charitable purpose?

Are they prohibited?

# Charitable Solicitations

Section B, Item 1.

There is an exception!

An employee or official may solicit donations of more than \$100 from a vendor or lobbyist of their public employer on behalf of any non-profit charitable organization, providing the person or entity soliciting:

- Files a **Charitable Solicitation Log** with the COE
- And, does not solicit any person or entity with a “current” bid or proposal still outstanding (even if they are already a current vendor)

# OTHER ISSUES (next few slides)

- Payment of Travel Expenses by a vendor
- Disclosure of Inside Information
- Nepotism (hiring/promoting a relative)
- Honesty in applications for employment, promotion, or transfer to another position

# Travel Expenses

Officials and employees are **prohibited** from accepting travel expenses, directly or indirectly, from any:

- Contractor
- Vendor
- Service Provider
- Bidder
- Proposer

of their public employer, or the public entity they serve as an elected or appointed official.

# Travel Expenses - EXCEPTIONS

Section B, Item 1.

1. If waived by the municipal governing body...  
or
2. If the expenses are reimbursed or paid by...
  - a. Another governmental entity, or
  - b. An organization that your employer is a member, and the travel is related to your job or position (*i.e. League of Cities*)

# Disclosure of Inside Information

## Prohibition against **using** information

- that **is gained** through your public employment or official position,
- **for** your personal benefit **or** the personal benefit of **any** other person or entity
- when that information **is not** available to the general public





# Nepotism

Section B, Item 1.

Employees and officials who are authorized to:

- Appoint,
- Employ,
- Promote, or
- Advance anyone

are prohibited from doing so (and prohibited from advocating) if that person is a close family relative, spouse, or domestic partner.



# Nepotism - EXCEPTION

Section B, Item 1.

## Certain Advisory Boards

Cities with a population under  
35,000 may appoint these  
persons to boards other than  
those with **land-planning**  
**and/or zoning responsibilities**



# Honesty in Applications for Positions

Section B, Item 1.

Any person

- seeking to become an official or employee, or
- seeking any promotion with their public employer, or
- seeking a contract with a county or municipal government

is prohibited from lying or making any false statement on their application, submitting any false document, or knowingly withholding information about wrongdoing in connection with employment



# Enforcement by the COE

Section B, Item 1.

The COE is a Civil Code Enforcement Board.

➤ Sanctions that may be imposed:

1. Letter of Reprimand or Letter of Instruction.
2. Fine up to \$500 per violation.
3. Restitution where indicated.

# ENFORCEMENT

Section B, Item 1.

## ➤ Criminal:

- Knowing and willful violations may be referred to the State Attorney's Office and may be punishable upon conviction with the same sanctions as a first degree misdemeanor carries:

- ◆ Up to 1 year in jail and/or
- ◆ Fine of up to \$1000 per violation

- \* Government employer may also still discipline or terminate employees as allowed under their policies and/or rules.



# **PALM BEACH COUNTY COMMISSION ON ETHICS**

Section B, Item 1.

***"Honesty, Integrity, Character"***

## **ETHICS**

***"Ask First, Act Later"***

**Call Us: *HOTLINE: 877-766-5920***

**Email Us: *Ethics@palmbeachcountyethics.com***

**Visit Us: *www.PalmBeachCountyEthics.com***

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**The Historic 1916 Palm Beach County Courthouse**  
**300 North Dixie Highway, Suite 450, West Palm Beach, FL 33401**



## **THE CITY OF PAHOKEE, FLORIDA**

# **Audited Financial Statements Presentation For the Year Ended September 30, 2020**

# Introduction

**To the Honorable Mayor, Vice Mayor and Members of the City Commission of  
*City of Pahokee, Florida***

We are pleased to have the opportunity to meet with you on ***April 12, 2022*** to discuss the results of our audit of the financial statements of the ***City of Pahokee, Florida (the “City”)*** as of and for the year ended ***September 30, 2020***. Our audit was conducted in accordance with the terms established in the audit engagement letter dated ***April 1, 2021***.

We are providing this document in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. We will be pleased to elaborate on the matters covered in this document when we meet.

Our audit is complete and we issued the following opinions on the financial statements of the ***City of Pahokee, Florida*** on ***March 04, 2022***:

**Unmodified** for the Governmental activities and General, Henderson Endowment, Debt Service, and Capital Projects Funds

**Qualified** for Business-type activities, and Marina and Campground, and Cemetery Funds



# Content

- Audit results, required communications, and other matters summary
- Supplemental slides supporting required communications and other matters
- Responsibilities

# Audit results, required communications, and other matters summary

Section B, Item 2.

Communication Topic	Response
Scope of audit	Our audit of the financial statements of City of Pahokee, Florida as of and for the year ended September 30, 2020, was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States; Title 2 U.S. <i>Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ; and Chapter 10.550, <i>Rules of the Auditor General</i> .
Changes to our planned risk assessment and planned audit strategy	There were no changes to our audit plan risk assessment and planned audit strategy.
Auditor's report	<p>We have issued an unmodified opinion on the financial statements of City of Pahokee, Florida and other reports as follows:</p> <ul style="list-style-type: none"> <li>• Independent Auditor's Report - <b>Complete</b></li> <li>• Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards - <b>Complete</b></li> <li>• Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Chapter 10.550 - <b>Complete</b></li> <li>• Schedule of Findings and Questioned Costs - <b>Complete</b></li> <li>• Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes, Required by Rule 10.556(10) of the Auditor General of the State of Florida - <b>Complete</b></li> <li>• Management Letter in Accordance with the Rules of the Auditor General of the State of Florida – <b>Complete</b></li> </ul>
Outstanding matters	None
Significant accounting polices	Significant accounting policies and practices are detailed in Note 1 of the financial statements .

# Audit results, required communications, and other matters summary (continued)

Section B, Item 2.

Communication Topic	Response
Significant accounting estimates	<p>The following significant accounting estimates are as follows:</p> <ul style="list-style-type: none"> <li>• Allowance for doubtful accounts</li> <li>• Accumulated depreciation</li> <li>• Fair value of investments</li> </ul>
Significant risk and other significant audit matters	<p>Significant risks and other significant audit matters relate to:</p> <ul style="list-style-type: none"> <li>• Management override of controls (relevant for all entities)</li> <li>• Revenue recognition (relevant for all entities)</li> </ul>
New accounting pronouncements	<p>GASB 83 <i>Certain Asset Retirement Obligations</i> – Did not impact the City’s financial statements.</p> <p>GASB 88 <i>Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements</i> – Did not impact the City’s financial statements.</p>

## Audit results, required communications, and other matters summary (continued)

Communication Topic	Response
Uncorrected misstatements	No matters to report
Corrected misstatements	Various adjusting journal entries were needed during the audit. All entries were made and any misstatements noted during the audit were corrected.
Financial presentation and disclosure omissions	No matters to report

## Audit results, required communications, and other matters summary (continued)

Communication Topic	Response
Control deficiencies	Deficiencies were noted. The details are provided on pages 15 and 16 of this presentation.
Related parties	No significant findings or issues were detected.
Other information in documents containing audited financial statements	Our responsibility with respect to information in a document does not extend beyond the financial information identified in our report, and we have no obligation to perform and procedures to corroborate other information contained in a document. However, we do have a responsibility to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements.

# Audit results, required communications, and other matters summary (continued)

Communication Topic	Response	Communication Topic	Response
<b>Illegal acts or fraud</b>	No actual or suspected instances of fraud involving management, employees with significant roles in internal control, or instances where fraud results in a material misstatement in the financial statement were identified during the audit.	<b>Significant difficulties encountered during the audit</b>	No matter to report
<b>Noncompliance with laws and regulations</b>	No matter to report	<b>Disagreements with management</b>	No matter to report
<b>Going Concern</b>	No matter to report	<b>Significant findings or issues discussed, or the subject of correspondence, with management</b>	Refer to slides 14 - 29 for the findings and recommendations
<b>Non-GAAP</b>	No matter to report	<b>Management's consultation with other accountants</b>	No matter to report
<b>Subsequent events</b>	Potential financial impact of Covid - 19	<b>Material written communications</b>	Engagement letter and management representation letter
<b>Other findings or issues</b>	No matter to report		

## Audit results, required communications, and other matters summary (continued)

Communication Topic	Response
Independence	In our professional judgment, we are independent with respect to The City, as that term is defined by the professional standards.

# Supplemental Slides



## Areas of audit emphasis

- Financial statements:
  - Financial Reporting
  - Revenues
  - Expenses
  - Capital Assets
  - Receivables
  - Long Term Debt

# Areas of Audit emphasis - Financial statements

Areas	Approach
<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>• Obtained an understanding of the Financial Reporting Process</li> <li>• Inspected the Financial Statements for conformity with GAAP</li> <li>• Inspected the disclosures ensuring applicable disclosures were included in accordance with related accounting standards.</li> </ul>
<b>Revenues (Gov't Wide)</b>	<ul style="list-style-type: none"> <li>• Revenues totaled \$5.7M for the fiscal year ended September 30, 2020 compared to \$6.5M for the fiscal year 2019</li> <li>• The decrease is primarily a result of general fund revenue, grants and contributions which reduced by \$800k during the fiscal year ended September 30, 2020.</li> <li>• We selected a sample of significant transactions for various revenue streams and tested the existence, accuracy and presentation of the revenue recorded.</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>• Totaled \$5.8M for fiscal year 2020 compared to \$5.7 million for fiscal year 2019.</li> <li>• We selected a sample of transactions for significant expenditure items and tested the completeness, accuracy and presentation of the expenses recorded.</li> </ul>

## Areas of Audit emphasis - Financial statements (continued)

Areas	Approach
<b>Capital Assets, net</b>	<ul style="list-style-type: none"> <li>Final balance of \$13.1M at September 30, 2020 compared to \$13.9M at September 30, 2019.</li> <li>The decrease is a result of annual depreciation charge.</li> </ul>
<b>Receivables</b>	<ul style="list-style-type: none"> <li>Balance of \$.333M at September 30, 2020 compared to \$.4M at September 30, 2019, balances were confirmed at year end to client support documents at September 30, 2020</li> </ul>
<b>Long Term Debt</b>	<ul style="list-style-type: none"> <li>Balance of \$.7M at September 30, 2020 compared to \$.9M at September 30, 2019 which was decrease of the loan balance is due to payments.</li> <li>Balances were confirmed by third party confirmations.</li> </ul>

# Internal control related matters

## HCT responsibilities:

- The purpose of our audit was to express an opinion on the financial statements.
- Our audit included consideration of internal control over financial reporting in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- We are not expressing an opinion on the effectiveness of the City's internal control.
- Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified.

# Internal control related matters (continued)

## Definitions

### Deficiency

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 misstatements on a timely basis. A deficiency in design exist when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exist when a properly designed control does not operate as designed, or when that person performing the control does not possess the necessary authority or competence to perform the control effectively.

### Significant deficiency

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting (ICFR) that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

### Material weakness

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 reasonable possibility exists when the like hood of an event occurring is either reasonably possible or probable. Reasonably possible is defined as the chance of the future event or events occurring is either reasonably possible or probable. Reasonably possible is defined as the chance of the future event or events occurring is more than remote but less than likely. Probable is defined as the further event or events are likely to occurring.

# Significant deficiencies and material weaknesses in internal control

## Financial Statement Findings

### 1) Finding 2010 – 01 – Material weakness

#### Condition

The City did not perform a physical count of inventories and has not maintained perpetual inventory records for the Cemetery Fund. Also, the City has not established adequate controls over the completeness of revenues and receivables for the Cemetery Fund.

#### Effect

Because of inadequacies in internal controls and accounting records relating to the Cemetery Fund, we were unable to form opinions regarding the amounts of inventories, accounts receivable, service revenue, and cost of goods sold for the fund.

#### Recommendation:

We recommend that the City implement the following for the Cemetery Fund:

- 1) Perform an annual physical count of inventories at year end.
- 2) Develop and maintain perpetual inventory records.
- 3) Develop and implement procedures to monitor the completeness of revenues and receivables.

#### Current Year Status

Not implemented. An accurate inventory has not been performed.

# Significant deficiencies and material weaknesses in internal control (continued)

Section B, Item 2.

## 2) Finding 2014 – 01 – Material Weakness

### Condition

We noted there was a lack of oversight of the financial reporting process.

### Effect

Transactions were not properly recorded in the general ledger. Consequently, numerous audit adjustments were required to correct the financial records.

### Recommendation

We recommend that the City increase oversight of the financial reporting process to facilitate the preparation of timely and accurate financial reports.

### Current Year Status

Partially implemented. The City has hired an outside consultant to assist in the financial reporting process and improvements have been made.

## Other recommendations related to internal control

### **3) Finding 2014 – 02 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

#### **Condition**

We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2017 were not filed timely.

#### **Cause**

Failure to file audit reports timely subjects the City to risk of losing state shared revenues.

#### **Recommendation**

We recommend that the City review the financial reporting process and make any changes required to facilitate the timely preparation of financial reports.

#### **Current Year Status**

Not implemented. The fiscal year 2019 was not filed timely as well.



## Other recommendations related to internal control (continued)

### **4) Finding 2014 – 03 – Noncompliance or other matters that are required to be reported under *Government Auditing Standards***

#### **Condition**

As indicated in Note 2 to the Budgetary Required Supplementary Information, certain functions in the General Fund had expenditures in excess of appropriations, and total expenditures of the General Fund exceeded total appropriations

#### **Effect**

Noncompliance with budgetary requirements.

#### **Recommendation**

We recommend that the City adopt budget amendments as necessary to eliminate expenditures in excess of appropriations.

#### **Current Year Status**

Not implemented.

## Other recommendations related to internal control (continued)

### 5) Finding 2014 – 04 – Noncompliance or other matters that are required to be reported under Government Auditing Standards

#### Condition

During our testing of credit card activity we noted the following issues:

- Some payments were not made timely resulting in the payment of late fees and finance charges.
- Sales tax was paid on certain purchases.
- Accounting records did not identify the public purpose for certain transactions.

#### Effect

Inadequate controls for credit card activity expose the City to the risk of fraud, misuse, and financial reporting errors.

#### Recommendation

We recommend that the City review its policies and procedures for credit card purchases and implement steps to provide adequate control over credit card use.

#### Current year status

Partially implemented. Upon our review, we noted that the Credit Card activities for the City has improved from prior year. Sales taxes was charged correctly and the City has updated their Credit Card policy and procedure to provide direction to users.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## 6) Finding 2015 – 01 – Material Weakness

### Condition

The City has not established adequate controls over the completeness of revenues and unearned revenues for the Marina and Campground Fund.

### Effect

Because of inadequacies in internal controls and accounting records relating to the Marina and Campground Fund, we were unable to form opinions regarding the amounts of service revenue and unearned revenue for the fund.

### Recommendation

We recommend that the City implement the following for the Marina and Campground Fund:

- 1) Acquire and implement special purpose software to maintain detailed records of revenue and utilization of the facilities for the marina and campground.
- 2) Establish access controls for the campground such as gates, card entry systems, and security cameras.
- 3) Develop and implement procedures to monitor and control marina and campground revenues.

### Current year status

Partially implemented. Controls over the Marina and Campground revenues have improved with updated policies and procedures.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## 7) Finding 2016 – 01 – Material Weakness

### Condition

The City has not adequately trained staff to implement purchasing procedures and management has not adequately monitored the purchasing process.

### Effect

Noncompliance with purchasing procedures. See Finding 2016-2.

### Recommendation

We recommend that City staff involved in the purchasing process receive training regarding the approved purchasing procedures and that management increase monitoring of the purchasing process to maintain adequate controls.

### Current year status

Partially implemented. Controls over these procedures have improved, however an issue was noted for FY 2019. See Finding 2019-002.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## 8) Finding 2016 – 02– Noncompliance or other matters that are required to be reported under Government Auditing Standards

### Condition

The City has not complied with purchasing procedures

### Effect

We noted the following instance of noncompliance with purchasing procedures:

- 1) Purchases in excess of ten thousand dollars were not approved by the City commission.
- 2) Competitive bids were not obtained for purchases in excess of ten thousand dollars.
- 3) Emergency purchases were not ratified by the City commission.
- 4) Purchase orders were not issued for all purchases that require them.
- 5) Purchases were made without the approval of management.
- 6) Source documents were not properly maintained.
- 7) The public purpose for purchases was not always documented

### Recommendation

We recommend that the City review the purchasing process and make changes required to maintain compliance with approved purchasing procedures.

### Current year status

Partially implemented. Controls over these procedures have improved, however an issue was noted for FY 2019. See Finding 2019-002.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## 9) Finding 2017 – 01 – Noncompliance or other matters that are required to be reported under *Government Auditing Standards*

### Condition

The Marina and Campground Enterprise Fund has experienced operating losses for many years and the Cemetery Enterprise Fund has frequently experienced operating losses. As of September 30, 2017, both funds reported a deficit in unrestricted net position. As of September 30, 2017, advances from the General Fund totaled \$193,486 for the Marina and Campground Enterprise Fund and \$338,865 for the Cemetery Enterprise Fund.

### Effect

The City's enterprise funds might not be able to generate enough revenues to meet their obligations.

### Recommendation:

We recommend that the City review the operations of the enterprise funds to develop options for increasing revenues for these funds.

### Current year status

Not implemented. Both funds are still operating at a loss.

## **11) Finding 2017 – 03 – Noncompliance or other matters that are required to be reported under *Government Auditing Standards***

### **Condition**

We noted there is inadequate communication between personnel performing the accounting function and personnel managing grants.

### **Effect**

Grant transactions were not always properly recorded in the accounting system requiring audit adjustments to correct the financial records.

### **Recommendation**

We recommend that the City review its grant management policies and procedures and implement steps to provide appropriate exchanges of information between departments.

### **Current year status**

Partially implemented. Controls over these procedures have improved, however an issue was noted for FY 2019. See Finding 2019-002.

## **12) Finding 2017 – 04 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

### **Condition**

We noted that the City recorded infrastructure surtax revenues and expenditures in the General Fund.

### **Effect**

Infrastructure surtax expenditures can't be determined from the City's financial statements.

### **Recommendation**

We recommend that the City create a separate fund to account for the infrastructure surtax revenues and expenditures.

### **Current year status**

Partially implemented. The City created a Capital Projects fund to record infrastructure surtax activity; however there are still some transactions recorded in the General Fund.



## 13) Finding 2018 – 01 Material Weakness

### Condition

We noted that the City had not incorporated auditor adjustments identified in the fiscal year 2017 audit to the City's general ledger.

### Effect

Entries had to be made to fund balance to reconcile the general ledger to the audited financial statements.

### Recommendation

We recommend that the City establish policies and procedures that would have staff, before the conclusion of the audit period, review the general ledger and ensure all necessary adjustments are entered into the general ledger.

### Current year status

Partially implemented. With assistance of an outside consultant, there were fewer adjustments to fund balance for FY 2020.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## 13) Finding 2019 – 001 Material Weakness

### Condition

The City issued the City Pahokee Promissory Note, Series 2018 in the principle amount of \$605,780. The note was issued to finance the purchase and installation of an artificial turf surface on the City's Everglades Preparatory Academy football field and to pay costs related thereto (the "Project") and to pay costs of issuance of the Note.

### Effect

This required a material adjustment to be recorded to the financial statements during the audit. Not recording all transactions could lead to the financial statements to be materially misstated

### Recommendation

Management should increase oversight of financial records to ensure all transactions have been recorded and reduce the risk for material misstatements

### Current year status

Not implemented.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## 14) Finding 2019 – 001 Material Weakness

### Condition

The City issued the City Pahokee Promissory Note, Series 2018 in the principle amount of \$605,780. The note was issued to finance the purchase and installation of an artificial turf surface on the City's Everglades Preparatory Academy football field and to pay costs related thereto (the "Project") and to pay costs of issuance of the Note.

### Cause

The City recorded, at the fund level, the principle and interest payments associated with the debt, but had not made the Government-Wide entries to record the principal amount still owed.

### Recommendation

Management should increase oversight of financial records to ensure all transactions have been recorded and reduce the risk for material misstatements.

### Current year status

Not implemented.

# Significant deficiencies and material weaknesses in internal control

Section B, Item 2.

## **15) 2019-002 Period of Performance – Material Noncompliance Florida Department of Economic Opportunity (DEO) Housing and Community Development – Marina Reconstruction**

### **Condition**

A change order from the contractor was presented to the City on August 15, 2020 for additional items and tasks needed to complete the project on time. The change order was not approved by the City Commission until September 24, 2020, which was after the August 31, 2020 obligation date in the amendment to the grant agreement. Work continued and DEO funds were used.

### **Cause**

The change order was presented to the City Commission after the regularly scheduled commission meeting on August 13, 2020 and a no special meeting was held ahead of the August 31, 2020 deadline to approve the change order.

### **Recommendation**

Management should adopt a contingency plan to address situations where when an on-going project needs an emergency change order approval, the City Commission either holds a special meeting to approve changes or appoints someone with approval powers to ensure compliance with deadlines and not delay the project.

### **Current year status**

Implemented.

# Responsibilities

Section B, Item 2.

<b>Management responsibilities - Financial statements</b>	<ul style="list-style-type: none"> <li>Fairly presenting the financial statements, including disclosures in conformity with U.S. GAAP.</li> <li>Adjusting the financial statements to correct material misstatements and affirming in the representation letter that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and the aggregated, to the financial statements taken as a whole.</li> </ul>
<b>Management responsibilities - ICFR</b>	<ul style="list-style-type: none"> <li>Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.</li> </ul>
<b>Management responsibilities - Other</b>	<ul style="list-style-type: none"> <li>To provide the auditor with:               <ol style="list-style-type: none"> <li>Access to all information of which management is aware is relevant to the preparation and fair presentation of the consolidated financial statements, such as records, documentation, and other matters;</li> <li>Additional information that the auditor may request from management for the purpose of the audit; and</li> <li>Unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence.</li> </ol> </li> <li>Identifying and ensuring that the entity complied with laws and regulations applicable to its activities, and for informing the auditor of any known material violations of such laws and regulations.</li> <li>Providing the auditor with a letter confirming certain representations made during the audit, that includes but is not limited to managements               <ol style="list-style-type: none"> <li>disclosure of all significant deficiencies, including material weaknesses in the design or operation of internal controls that could adversely affect the Company's financial reporting</li> <li>acknowledgement of their responsibilities for the design, implementation, and maintenance of internal controls to prevent and detect fraud.</li> </ol> </li> </ul>
<b>City Commission responsibilities</b>	<ul style="list-style-type: none"> <li>Oversight of the financial reporting process and internal control over financial reporting (ICFR)</li> <li>Oversight of the establishment and maintained by management of programs and controls designed to prevent, deter, and detect fraud.</li> </ul>

# Responsibilities (continued)

Section B, Item 2.

<b>Management and the City Commission responsibilities</b>	<ul style="list-style-type: none"> <li>• <b>Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards</b></li> <li>• <b>Ensuring that the entity's operations are conducted within the provisions of law and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements</b></li> </ul>
<b>HCT - Audit objectives</b>	<ul style="list-style-type: none"> <li>• Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the City Commission are prepared, in all material respects, in accordance with U.S. GAAP.</li> </ul>
<b>HCT responsibilities - Audit</b>	<ul style="list-style-type: none"> <li>• Performing the audit in accordance with U.S. GAAS and that the audit is designed to obtain reasonable, rather than absolute, assurance about whether the financial statements as a whole are free from material misstatement.</li> <li>• Performing an audit of financial statements including consideration of ICFR as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's ICFR.</li> </ul>
<b>HCT responsibilities - Other information in documents containing financial statements</b>	<ul style="list-style-type: none"> <li>• The auditor's report on the financial statements does not extend to the other information in documents containing audited consolidated financial statements, excluding required supplementary information.</li> <li>• The auditor's responsibility is to make appropriate arrangements with management or the City Commission to obtain information prior to the report release date and to read the other information to identify material inconsistencies with the audited financial statements or misstatements of facts.</li> <li>• Any material inconsistencies or misstatements of facts that are not resolved prior to the report release date, and that require revision of the other information, may result in HCT modifying or withholding the auditors report or withdrawing from the engagements</li> <li>• Communicate any procedures performed relating to the other information and the results of those procedures.</li> </ul>

## Responsibilities (continued)

### HCT responsibilities - Communications

- Communicating significant matters related to the financial statement audit that are in our professional judgment, relevant to the responsibilities of the City Commission in overseeing the financial process. U.S. GAAS does not require us to design procedures for the purpose of identifying matter to communicate to the City Commission.
- Communicating if we suspect or identify non compliance with laws and regulations exist, unless matters are clearly inconsequential.
- Communicating to management and the City Commission in writing all significant deficiencies and material weaknesses in internal control identified during the audit , including those that were remediated during the judgment, are of sufficient importance to merit managements attention. The objective of our audit consolidated financial statements is to report on the Company's internal control.
- Conducting the audit in accordance with professional standards and complying with the rules and responsibility of the Code of Professional Conduct of the American Institute of Certified Public Accountants and the official standards of relevant CPA Societies, and relevant state boards of accountancy.
- Communicating to the City Commission circumstances, if any, that affect the form and content of the auditors' report.
- Communicating if we plan to withdraw from the engagement and the reasons for the withdrawal
- Communicating to the City Commission if we conclude no reasonable justification for a change of the terms of the audit engagement exists and we are not permitted by management to continue the original audit engagement.
- When applicable, we are also responsible for communicating particular matters required by law or regulation, by agreement with the entity, or by additional requirements applicable to the engagement
- Communicating if we have identified or suspect fraud involving: (a) management, (b) employees who have significant roles in internal control, (c) others, when the fraud results in a material misstatement in the judgment, relevant to the responsibilities of the City Commission .
- Communicating significant finding and issues arising during the audit in connection with the entity's professional parties.
- Communicating conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time.

# Questions





The information contained herein is a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

The HCT name and logo are registered trademarks or trademarks of HCT, LLC.

City of Pahokee, Florida

# Annual Audit Report

Fiscal Year ended September 30, 2020



City of  
**PAHOKEE**  
FLORIDA

# Annual Audit Report

OF THE

## CITY OF PAHOKEE, FLORIDA

**Fiscal Year Ended September 30, 2020**

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Prepared by the Finance and Administrative Services Department



## SECTION II: FINANCIAL SECTION



**City of Pahokee, Florida**

**Financial Statements**

*For the Fiscal Year ended September 30, 2020*

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council  
City of Pahokee, Florida

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Henderson Endowment Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Special Revenues Fund	Unmodified
Marina and Campground Fund	Qualified
Cemetery Fund	Qualified

Basis for Qualified Opinion on the Cemetery Fund, Marina and Campground Fund, and Business-Type Activities

The City has not performed a physical count of inventories and has not maintained perpetual inventory records for the Cemetery Fund. The City also has not established adequate controls over the completeness of revenues and receivables of the Cemetery Fund. The amount by which these items would affect the assets, net position, revenue, and expenses of the Cemetery Fund and the business-type activities could not be determined. The City has not established adequate controls over the completeness of revenues and unearned revenues for the Marina and Campground Fund. The amount by which these items would affect the assets, liabilities, net position, and revenues of the Marina and Campground Fund and the business-type activities could not be determined.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the “Basis for Qualified Opinion on the Cemetery Fund, Marina and Campground Fund, and Business-Type Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Cemetery Fund, Marina and Campground Fund, and Business-type Activities of the City of Pahokee, Florida, as of September 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major governmental fund of the City of Pahokee, Florida, as of September 30, 2020, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4-11, budgetary comparison information, on pages 66-71, the schedule of funding progress – other postemployment benefits, on page 72, and the pension schedules, on pages 73-76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

March 4, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)







As the City Manager of the City of Pahokee, I offer readers of our financial statements this narrative overview and analysis of our financial activities for the fiscal year ended September 30, 2020. I encourage readers to consider the information presented here in conjunction with the City’s financial statements beginning on page 13.

## FINANCIAL HIGHLIGHTS

- ▢ The City of Pahokee’s sum of assets and deferred outflows of resources minus the sum of its liabilities and deferred inflows of resources is \$14,976,901 (net position) as of September 30, 2020. Unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens, was \$1,420,529 as of September 30, 2020.
- ▢ The governmental net position increased by \$1,067,035 for the fiscal year ended September 30, 2020.
- ▢ The business-type net position decreased by \$1,074,208 for the fiscal year ended September 30, 2020. The decrease was a result of construction in progress with the marina being transferred into service and the assets being depreciated.
- ▢ The business-type activities revenues decreased by \$954,949 during the fiscal year ended September 30, 2020. The decrease was the result of fewer grant revenues in FY 2020.
- ▢ The total net cost of all City programs was \$2,622,295 during the fiscal year ended September 30, 2020. This is a decrease of \$460,522 from the total net cost of all City programs during the prior fiscal year.
- ▢ The City’s long-term liabilities totaled \$707,868, a decrease of \$176,073 during the current fiscal year. All long-term liabilities, compensated absences, and OPEB increased from prior fiscal year.

## USING THIS REPORT

Management’s Discussion and Analysis introduces the City’s financial statements. The financial statement’s focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City’s accountability. The financial statements are described in the following graphic.

### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the City of Pahokee’s finances in a manner similar to a private-sector business. The Statement of Net Position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

*Government-Wide Financial Statements (Continued)*

The two government-wide statements report the City’s net position and how they have changed. Net position, the difference between the City’s assets and liabilities, is one way to measure the City’s financial health or financial position. Over time, increases or decreases in the City’s net position, is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City’s property tax base and the condition of the City’s roads, to assess the City’s overall health.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Government activities – Most of the City’s basic services are reported here, including the police, fire, public services, parks and recreation, and general administration. Property taxes, franchise fees, state shared revenues, and solid waste collection services finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. These activities include cemetery services, and marina and campground services.

*Fund Financial Statements*

Our fund basis financial statements begin on page 14. The fund financial statements provide detailed information about the most significant funds but do not provide information on the City as a whole. Funds are acting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Governmental funds – Most of the City’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the City’s enterprise funds (one type of proprietary fund) are the same as its business-type activities. However, more detailed information is provided on the City’s enterprise funds such as additional information provided in the statement of cash flows.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The City has reported its financial statements in a government-wide format using the required GASB 34 reporting model. A comparative analysis of government-wide data is presented in the following sections.

### Net position

The City's combined net position as of September 30, 2020, was \$14,976,901. The City's governmental activities net position were reported as \$7,623,273, of which \$1,983,497 was unrestricted and available to fund future operations. The City's business-type activities net position as of September 30, 2020 is reported as \$7,353,628. The total net position included an unrestricted net position deficit of \$562,968.

### Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,868,847	\$ 3,026,346	\$ (295,544)	\$ (289,492)	\$ 3,573,303	\$ 2,736,854
Capital assets	5,344,167	5,016,733	7,760,012	8,859,718	13,104,179	13,876,451
Total assets	9,213,014	8,043,079	7,464,468	8,570,226	16,677,482	16,613,305
Deferred outflows of resources						
Pension related items	33,048	27,957	-	-	33,048	27,957
Total deferred outflows of resources	33,048	27,957	-	-	33,048	27,957
Current and other liabilities	909,669	496,442	104,743	133,058	1,014,412	629,500
Long-term liabilities outstanding	513,984	695,922	3,527	3,027	517,511	698,949
Total liabilities	1,423,653	1,192,364	108,270	136,085	1,531,923	1,328,449
Deferred inflows of resources						
Unearned revenue	154,815	445,701	2,570	6,306	157,385	452,007
Pension related items	44,321	56,733	-	-	44,321	56,733
Total deferred inflows of resources	199,136	502,434	2,570	6,306	201,706	508,740
Net position:						
Invested in capital assets (net of related debt)	5,007,711	4,473,561	7,760,012	8,859,718	12,767,723	13,333,279
Restricted items	632,065	493,130	156,584	156,584	788,649	649,714
Unrestricted	1,983,497	1,589,547	(562,968)	(588,467)	1,420,529	1,001,080
Total net position	\$ 7,623,273	\$ 6,556,238	\$ 7,353,628	\$ 8,427,835	\$ 14,976,901	\$ 14,984,073

*Changes in Net Position*

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some that will only result in cash flows in the future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

- ▮ The governmental activities reported a total increase in net position of \$1,067,035 for the fiscal year ended September 30, 2020.
- ▮ The business-type activities reported a total decrease in net position of \$(1,074,208) for the fiscal year ended September 30, 2020.

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)**

	Summary of Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charge for services	\$ 1,130,902	\$ 1,056,018	\$ 360,491	\$ 316,968	\$ 1,491,393	\$ 1,372,986
Operating grant and contribution	893,216	107,205	20	990,027	893,236	1,097,232
Capital grant	498,297	187,902	-	-	498,297	187,902
General revenues:						
Ad valorem taxes	584,953	560,610	-	-	584,953	560,610
Local option sales tax	157,961	192,787	-	-	157,961	192,787
Infrastructure surtax	383,036	408,517	-	-	383,036	408,517
Utility taxes	400,602	412,224	-	-	400,602	412,224
Franchise fees	227,238	239,447	-	-	227,238	239,447
Intergovernmental shared revenues	1,021,397	1,755,783	-	-	1,021,397	1,755,783
Unrestricted investment earnings	17,710	32,569	-	-	17,710	32,569
Miscellaneous revenues	69,811	101,481	200	8,665	70,011	110,146
Rental income	95,415	98,924	4,536	4,536	99,951	103,460
Total revenues	5,480,538	5,153,467	365,247	1,320,196	5,845,785	6,473,663
Program expenses:						
General government	1,124,095	1,246,221	-	-	1,124,095	1,246,221
Public safety	848,263	756,163	-	-	848,263	756,163
Transportation	984,177	943,558	-	-	984,177	943,558
Culture and recreation	758,782	835,370	-	-	758,782	835,370
Physical environment	573,695	424,939	-	-	573,695	424,939
Interest on long term debt	20,372	20,841	-	-	20,372	20,841
Marina	-	-	1,361,633	1,331,343	1,361,633	1,331,343
Cemetery	-	-	181,941	182,502	181,941	182,502
Total expenses	4,309,384	4,227,092	1,543,574	1,513,845	5,852,958	5,740,937
Increase (decrease) in net assets						
before transfer in (out)	1,171,154	926,375	(1,178,327)	(193,649)	(7,173)	732,726
Transfer in/(out)	(104,119)	(93,693)	104,119	93,693	-	-
Increase (decrease) in net position	1,067,035	832,682	(1,074,208)	(99,956)	(7,173)	732,726
Net position at beginning of year	6,556,238	5,723,556	8,427,836	8,527,791	14,984,074	14,251,347
Net position at end of year	\$ 7,623,273	\$ 6,556,238	\$ 7,353,628	\$ 8,427,835	\$ 14,976,901	\$ 14,984,073

Summary of Changes in Net Position (Continued)

For the fiscal year ended September 30, 2020, total taxes were \$1,526,552 and comprised 28% of the total revenues of \$5,480,538 for governmental activities during the year. For the fiscal year ended September 30, 2020, operating and capital grants revenues were \$1,391,513 for governmental activities, which represented 25% of total revenues. The majority of the operating and capital grant awards were for road improvements, parks, and recreational grants. Governmental activities intergovernmental shared revenues were \$1,021,397 and represented 19% of total revenues.

*Financial Analysis of the Major Governmental Funds*

As of September 30, 2020, the City of Pahokee’s governmental funds reported a combined ending fund balance of \$2,993,135. The City reported an increase in the governmental fund balance of \$545,300 for the fiscal year ended September 30, 2020.

The General Fund is the chief operating fund of the City of Pahokee. As of September 30, 2020, the General Fund unassigned fund balance was \$1,760,086; and the total non-spendable fund balance was \$600,984.

As of September 30, 2020, the Henderson Endowment Fund reported a non-spendable fund balance in the amount of \$875,000; no change from prior year.

As of September 30, 2020, the Capital Projects Fund reported a committed fund deficit in the amount of \$(470,862). The Capital Projects Fund was established in FY 2019 to account for the capital projects of the City that are grant funded. Major projects were conducted using discretionary surtax revenues that were previously accounted for in the General Fund. The deficit fund balance represents projects that were supported by the General Fund.

*Financial Analysis of the Major Proprietary Funds*

*Marina and Campground Fund*

As of September 30, 2020, the Marina and Campground Fund reported unrestricted net position deficit of \$273,790, and investment in capital assets of \$7,618,045. The Marina and Campground Fund total net position decreased by \$1,112,241 during the fiscal year ended September 30, 2020. The decrease was due to construction in progress capital assets being transferred into service and the assets being depreciated.

### Cemetery Fund

As of September 30, 2020, the Cemetery Fund reported an unrestricted net position deficit of \$289,178, investment in capital assets of \$141,967 and \$156,584 in restricted net position. The Cemetery Fund total net position increased by \$33,038 during the fiscal year ended September 30, 2020. The increase was due to an increase in the sale of burial plots.

### General Fund Budgetary Highlights

General Fund actual revenues were more than budgeted revenues by \$406,364 for the fiscal year ended September 30, 2020. This was primarily due to various grants received that were not budgeted. General Fund budgeted expenditures were below actual expenditures by \$217,605 during the fiscal year ended September 30, 2020. This was primarily due to various grant expenditures that were budgeted.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### *Capital Assets*

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 404,742	\$ 404,742	\$ 98,000	\$ 98,000	\$ 502,742	\$ 502,742
Construction in Progress	514,599	46,238	-	-	514,599	46,238
Improvements other than buildings	3,321,308	3,289,005	2,325,188	3,151,753	5,646,496	6,440,758
Buildings	827,660	894,357	5,333,545	5,605,494	6,161,205	6,499,851
Equipment	275,858	382,391	3,279	4,471	279,137	386,862
Total	\$ 5,344,167	\$ 5,016,733	\$ 7,760,012	\$ 8,859,718	\$ 13,104,179	\$ 13,876,451

As of September 30, 2020, the City had invested \$12,767,723 (net of accumulated depreciation) in a broad range of capital assets including parks and recreation facilities, roads, marina and campground sites, and cemetery land. Additional information can be found in Note 5 of the notes to the financial statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

### *Long-term Liabilities*

As of September 30, 2020, the City had \$707,868 in total long-term liabilities as shown in the following table. Additional information can be found in Note 7 of the notes to the financials.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable	\$ 316,456	\$ 523,172	\$ -	\$ -	\$ 316,456	\$ 523,172
Compensated absences	176,611	168,705	5,112	4,386	181,723	173,091
Net pension liability	113,516	91,505	-	-	113,516	91,505
OPEB obligation	96,173	96,173	-	-	96,173	96,173
Total	<u>\$ 702,756</u>	<u>\$ 879,555</u>	<u>\$ 5,112</u>	<u>\$ 4,386</u>	<u>\$ 707,868</u>	<u>\$ 883,941</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2020 fiscal year, General Fund revenue projections were conservative and consistent with previous years.

The budget was balanced based on annual revenue intake and external projected revenue for services. Occasionally, the city if required would utilize reserves, however this practice has not occurred in two years thus protecting those funds for unforeseen commitments or emergencies.

The millage rate remained the same 6.5419 mills.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report was designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City Manager at the following address:

City of Pahokee, Florida  
City Manager  
207 Bacom Point Road  
Pahokee, FL 33476



BASIC FINANCIAL STATEMENTS



**CITY OF PAHOKEE, FLORIDA**  
**Statement of Net Position**  
**September 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,299,612	\$ 101,908	\$ 2,401,520
Receivable (net)			
Accounts	109,273	6,736	116,009
Grants	-	-	-
Taxes	137,000	-	137,000
Due from other government	81,695	-	81,695
Internal balances	587,175	(587,175)	-
Inventory	-	26,403	26,403
Prepaid items	13,787	-	13,787
Restricted assets:			
Cash and cash equivalents	640,305	156,584	796,889
Capital assets			
Non-depreciable	919,341	98,000	1,017,341
Depreciable, net of depreciation	4,424,826	7,662,012	12,086,838
Total assets	<u>9,213,014</u>	<u>7,464,468</u>	<u>16,677,482</u>
Deferred outflows of resources:			
Pension and OPEB related items	33,048	-	33,048
Total deferred outflows	<u>33,048</u>	<u>-</u>	<u>33,048</u>
<b>Liabilities:</b>			
Accounts payable	635,444	96,234	731,678
Contracts payable	20,000	-	20,000
Accrued liabilities	65,453	6,924	72,377
Non-current liabilities			
Due within in one year	188,772	1,585	190,357
Due in more than one year	304,295	3,527	307,822
Net pension liability	113,516	-	113,516
Net OPEB liability	96,173	-	96,173
Total liabilities	<u>1,423,653</u>	<u>108,270</u>	<u>1,531,923</u>
<b>Deferred inflows of resources</b>			
Unearned revenues	154,815	2,570	157,385
Pension and OPEB related items	44,321	-	44,321
	<u>199,136</u>	<u>2,570</u>	<u>201,706</u>
<b>Net Position:</b>			
Invested in capital assets, net of related debt	5,007,711	7,760,012	12,767,723
Restricted for:			
Infrastructure	(242,935)	-	(242,935)
Perpetual care	-	126,278	126,278
Pre-need	-	30,306	30,306
Endowment-nonexpendable	875,000	-	875,000
Unrestricted	1,983,497	(562,968)	1,420,529
Total net position	<u>\$ 7,623,273</u>	<u>\$ 7,353,628</u>	<u>\$ 14,976,901</u>

See notes to the financial statements

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Activities**  
**For the year ended September 30, 2020**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business- Type Activities	Total
Governmental activities:							
General government	\$ 1,124,095	\$ 166,147	\$ -	\$ 44,046	\$ (913,902)	\$ -	\$ (913,902)
Public safety	848,263	83,977	-	-	(764,286)	-	(764,286)
Transportation	984,177	-	893,216	-	(90,961)	-	(90,961)
Culture and recreation	758,782	24,099	-	1,231	(733,452)	-	(733,452)
Physical environment	573,695	856,679	-	453,020	736,004	-	736,004
Interest	20,372	-	-	-	(20,372)	-	(20,372)
Total governmental activities	4,309,384	1,130,902	893,216	498,297	(1,786,969)	-	(1,786,969)
Business-type activities:							
Marina and campground	1,361,633	148,999	20	-	-	(1,212,614)	(1,212,614)
Cemetery	181,941	211,492	-	-	-	29,551	29,551
Total business-type activities	1,543,574	360,491	20	-	-	(1,183,063)	(1,183,063)
Total primary governmental	<u>\$ 5,852,958</u>	<u>\$ 1,491,393</u>	<u>\$ 893,236</u>	<u>\$ 498,297</u>	<u>(1,786,969)</u>	<u>(1,183,063)</u>	<u>(2,970,032)</u>
General revenue:							
Ad Valorem taxes					584,953	-	584,953
Local option gas taxes					157,961	-	157,961
Infrastructure surtax					383,036	-	383,036
Utility taxes					400,602	-	400,602
Franchise fees					227,238	-	227,238
Intergovernmental shared revenues					1,021,397	-	1,021,397
Unrestricted investment earnings					17,710	-	17,710
Miscellaneous revenues					69,811	200	70,011
Rental income					95,415	4,536	99,951
Transfers					(104,119)	104,119	-
Total general revenues and transfers					2,854,004	108,855	2,962,859
Change in net position					1,067,035	(1,074,208)	(7,173)
Net position - beginning					6,556,238	8,427,836	14,984,074
Net position - ending					<u>\$ 7,623,273</u>	<u>\$ 7,353,628</u>	<u>\$ 14,976,901</u>

See notes to the financial statements

**CITY OF PAHOKEE, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2020**

	<b>General Fund</b>	<b>Henderson Endowment Fund</b>	<b>Special Revenues Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,109,908	\$ 875,022	\$ 175,334	\$ -	\$ 139,348	\$ 2,299,612
Accounts receivable, net	109,273	-	-	-	-	109,273
Grants receivable	-	-	-	-	-	-
Taxes receivable	101,341	-	35,659	-	-	137,000
Due from government	81,226	-	-	-	469	81,695
Prepaid items	13,787	-	-	-	-	13,787
Advances to other funds	587,197	-	-	-	-	587,197
<b>Restricted assets:</b>						-
Cash and cash equivalents	620,041	-	20,264	-	-	640,305
<b>Total assets</b>	<b>\$ 2,622,773</b>	<b>\$ 875,022</b>	<b>\$ 231,257</b>	<b>\$ -</b>	<b>\$ 139,817</b>	<b>\$ 3,868,869</b>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 152,469	\$ -	\$ 3,330	\$ -	\$ 479,645	\$ 635,444
Contracts payable	20,000	-	-	-	-	20,000
Accrued liabilities	65,453	-	-	-	-	65,453
Due to other funds	-	22	-	-	-	22
<b>Total liabilities</b>	<b>237,922</b>	<b>22</b>	<b>3,330</b>	<b>-</b>	<b>479,645</b>	<b>720,919</b>
<b>Deferred inflows of resources</b>						
Unearned revenue	-	-	-	-	84,234	84,234
Unavailable revenue	23,781	-	-	-	46,800	70,581
<b>Total deferred inflows of resources</b>	<b>23,781</b>				<b>131,034</b>	<b>154,815</b>
<b>Fund balances:</b>						
<b>Non-spendable:</b>						
Prepaid items	13,787	-	-	-	-	13,787
Advances to other funds	587,197	-	-	-	-	587,197
Endowment - nonexpendable	-	875,000	-	-	-	875,000
<b>Committed for</b>						
Capital projects	-	-	227,927	-	(470,862)	(242,935)
<b>Unassigned</b>	<b>1,760,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,760,086</b>
<b>Total fund balances</b>	<b>2,361,070</b>	<b>875,000</b>	<b>227,927</b>	<b>-</b>	<b>(470,862)</b>	<b>2,993,135</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,622,773</b>	<b>\$ 875,022</b>	<b>\$ 231,257</b>	<b>\$ -</b>	<b>\$ 139,817</b>	<b>\$ 3,868,869</b>



CITY OF PAHOKEE, FLORIDA  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
September 30, 2020

Fund Balance – Total Governmental Funds \$ 2,993,135

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. However, they are reported in the government-wide statements.

Governmental capital assets	\$ 13,276,396	
Less accumulated depreciation	(7,932,229)	5,344,167

Long-term liabilities, including accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Notes payable	(316,456)	
Compensated absences	(176,611)	
Pension liabilities	(113,516)	
OPEB liabilities	(96,173)	(702,756)

Deferred outflows or resources and deferred inflows of resources related to defined benefit pension plans are applicable to future periods and are not reported in the government funds

Pension related deferred outflows	33,048	
Pension and OPEB related deferred inflows	(44,321)	(11,273)

Total Net Position – Governmental Activities \$ 7,623,273

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended September 30, 2020**

	<b>General Fund</b>	<b>Henderson Endowment Fund</b>	<b>Special Revenues Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>						
Taxes	\$ 1,143,516	\$ -	\$ 383,036	\$ -	\$ -	\$ 1,526,552
Licenses and permits	383,642	-	-	-	-	383,642
Intergovernmental	1,342,562	-	-	-	1,069,117	2,411,679
Charges for services	890,252	-	-	-	-	890,252
Fines and forfeitures	83,977	-	-	-	-	83,977
Investment income	13,964	3,746	-	-	-	17,710
Miscellaneous revenues	166,726	-	-	-	-	166,726
Total revenues	<u>4,024,639</u>	<u>3,746</u>	<u>383,036</u>	<u>-</u>	<u>1,069,117</u>	<u>5,480,538</u>
<b>Expenditures:</b>						
Current:						
General government	1,023,777	-	-	-	-	1,023,777
Public safety	787,939	-	-	-	-	787,939
Transportation	729,642	-	-	-	-	729,642
Culture and recreation	539,785	-	-	-	-	539,785
Physical environment	517,723	-	-	-	-	517,723
Capital outlay	-	-	19,875	-	1,077,144	1,097,019
Debt services:						
Principal	-	-	-	114,862	-	114,862
Interest	-	-	-	20,372	-	20,372
Total expenditures	<u>3,598,866</u>	<u>-</u>	<u>19,875</u>	<u>135,234</u>	<u>1,077,144</u>	<u>4,831,119</u>
Excess of revenues over (under) before other financing sources (uses):	<u>425,773</u>	<u>3,746</u>	<u>363,161</u>	<u>(135,234)</u>	<u>(8,027)</u>	<u>649,419</u>
Other financing sources (uses)						
Transfers in/(out)	(19,409)	(3,746)	(135,234)	135,234	(80,964)	(104,119)
Debt proceeds	-	-	-	-	-	-
Total other financing sources (uses):	<u>(19,409)</u>	<u>(3,746)</u>	<u>(135,234)</u>	<u>135,234</u>	<u>(80,964)</u>	<u>(104,119)</u>
Net change in fund balance	406,364	-	227,927	-	(88,991)	545,300
Fund balances, beginning of year	<u>1,954,706</u>	<u>875,000</u>	<u>-</u>	<u>-</u>	<u>(381,871)</u>	<u>2,447,835</u>
Fund balances, end of year	<u>\$ 2,361,070</u>	<u>\$ 875,000</u>	<u>\$ 227,927</u>	<u>\$ -</u>	<u>\$ (470,862)</u>	<u>\$ 2,993,135</u>

**CITY OF PAHOKEE, FLORIDA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**Governmental Funds**  
**For the year ended September 30, 2020**

Net change in fund balance – total governmental funds \$ 545,300

Amounts reported for governmental activities in the statement of activities are

Governmental fund report capital outlay as expenditures. However, in the statement of the activities the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 1,097,019	
Less current year depreciation	<u>(405,784)</u>	691,235

Principal payments on long-term debt are reported as expenditures in governmental funds, but as reduction of long-term liabilities in the statement of net position. 114,862

Compensated absences payout during the year (263,595)

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 governmental funds.

Change in compensated absences	(7,906)
Change in net pension liability	4,642
Change in deferred outflows related to pension and OPEB	(5,091)
Change in deferred inflows related to pension	<u>(12,412)</u>

Change in net position of governmental activities \$1,067,035

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2020**

	<b>Major Funds</b>		<b>Total Business-Type Activities Enterprise Funds</b>
	<b>Marina and Campground</b>	<b>Cemetery</b>	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 100	\$ 101,808	\$ 101,908
Accounts receivable, net	-	6,736	6,736
Due from other funds	-	22	22
Inventory	-	26,403	26,403
Restricted assets:			
Cash and cash equivalents	-	156,584	156,584
Total current assets	100	291,553	291,653
Capital assets:			
Property, plant and equipment	17,266,095	590,085	17,856,180
Less accumulated depreciation	(9,648,050)	(448,118)	(10,096,168)
Total non-current assets	7,618,045	141,967	7,760,012
Total assets	\$ 7,618,145	\$ 433,520	\$ 8,051,665

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2020**

**Liabilities and net assets**

Liabilities:

Current liabilities:

Accounts payable	\$ 93,053	\$ 3,181	\$ 96,234
Accrued liabilities	3,441	3,483	6,924
Compensated absences-current	-	1,585	1,585
	<hr/>	<hr/>	<hr/>
Total current liabilities	96,494	8,249	104,743
	<hr/>	<hr/>	<hr/>

Non-current liabilities:

Compensated absences	-	3,527	3,527
Advances from other funds	174,827	412,370	587,197
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	174,827	415,897	590,724
	<hr/>	<hr/>	<hr/>

Total liabilities	271,321	424,146	695,467
	<hr/>	<hr/>	<hr/>

Deferred inflows of resources

Unearned revenues	2,570	-	2,570
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	2,570	-	2,570
	<hr/>	<hr/>	<hr/>

Net position:

Invested in capital assets	7,618,045	141,967	7,760,012
Restricted for:			
Perpetual care	-	126,278	126,278
Pre-need	-	30,306	30,306
Unrestricted	(273,790)	(289,178)	(562,968)
	<hr/>	<hr/>	<hr/>
Total net position	\$ 7,344,255	\$ 9,373	\$ 7,353,628
	<hr/>	<hr/>	<hr/>

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended September 30, 2020**

	<b>Marina and Campground</b>	<b>Cemetery</b>	<b>Total Enterprise Funds</b>
Operating revenues:			
Sales	\$ 143,042	\$ 211,492	\$ 354,534
Rental income	5,957	-	5,957
Total operating revenues	148,999	211,492	360,491
Operating expenses:			
Cost of sales	-	25,557	25,557
Personal services	20,480	109,638	130,118
Contractual services	500	4,500	5,000
Utilities	190,735	11,047	201,782
Supplies	11,566	8,418	19,984
Equipment	1,334	-	1,334
Insurance	4,739	6,234	10,973
Depreciation	1,091,208	8,498	1,099,706
Repairs and maintenance	23,917	8,022	31,939
Other	17,154	27	17,181
Total operating expenses	1,361,633	181,941	1,543,574
Operating (loss)	(1,212,634)	29,551	(1,183,083)
Non-operating revenues (expenses):			
Rental income	-	4,536	4,536
Grant revenue	20	-	20
Miscellaneous revenues	-	200	200
Total non-operating revenues (expenses)	20	4,736	4,756
Income (loss) before transfer	(1,212,614)	34,287	(1,178,327)
Transfer in	100,373	3,746	104,119
Change in net position	(1,112,241)	38,033	(1,074,208)
Net position, beginning of year	8,456,496	(28,660)	8,427,836
Net position, end of year	\$ 7,344,255	\$ 9,373	\$ 7,353,628

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended September 30, 2020**

	<b>Marina and Campground</b>	<b>Cemetery</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 48,626	\$ 211,492	\$ 260,118
Payments to suppliers	(178,931)	(63,735)	(242,666)
Payments to employees	(20,480)	(109,638)	(130,118)
Net cash provided by (used in) operating activities	<u>(150,785)</u>	<u>38,119</u>	<u>(112,666)</u>
<b>Cash flows from non-capital financing activities:</b>			
Grant proceeds	20	-	20
Payments (to) other funds	(95,850)	(8,845)	(104,695)
Operating transfers in	100,373	3,746	104,119
Net cash provided by non-capital financing activities	<u>4,543</u>	<u>(5,099)</u>	<u>(556)</u>
<b>Cash flows from capital and related financing activities:</b>			
Interest paid	-	-	-
Capital grant proceeds	(3,736)	-	(3,736)
Acquisition and construct of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related activities	<u>(3,736)</u>	<u>-</u>	<u>(3,736)</u>
<b>Cash flows from investing activities:</b>			
Interest and dividends on investments	-	-	-
Other revenue	-	4,736	4,736
Proceeds from land lease	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>4,736</u>	<u>4,736</u>
Net increase (decrease) in cash and cash equivalents	<u>(149,978)</u>	<u>37,756</u>	<u>(112,222)</u>
Cash and cash equivalents at beginning of year	150,078	220,636	370,714
Cash and cash equivalents at end of year	<u>\$ 100</u>	<u>\$ 258,392</u>	<u>\$ 258,492</u>

See notes to the financial statements

**CITY OF PAHOKEE, FLORIDA**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the year ended September 30, 2020**

**Cash flows from operating activities:**

Operating (loss)	\$ (1,212,634)	\$ 29,551	\$ (1,183,083)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,091,208	8,498	1,099,706
Change in assets and liabilities:			
(Increase) decrease in receivables	-	(1,474)	(1,474)
Increase (decrease) in accounts payable	(29,400)	608	(28,792)
Increase (decrease) in accrued liabilities	41	210	251
Increase (decrease) in compensated absences	-	726	726
Total adjustments	<u>1,061,849</u>	<u>8,568</u>	<u>1,069,691</u>
Net cash provided by (used in) operating activities	<u>\$ (150,785)</u>	<u>\$ 38,119</u>	<u>\$ (113,392)</u>
Cash and cash equivalents:			
Unrestricted	\$ 100	\$ 101,808	\$ 101,908
Restricted	-	156,584	156,584
Total cash and cash equivalents	<u>\$ 100</u>	<u>\$ 258,392</u>	<u>\$ 258,492</u>





## NOTES TO THE BASIC FINANCIAL STATEMENTS



Notes to Financial Statements  
September 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Pahokee, Florida (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

*Financial Reporting Entity*

The City of Pahokee is a municipal corporation organized pursuant to Chapter 9872, Laws of Florida, in 1923. The City provides the full range of municipal services contemplated by statute or charter. The services provided include: law enforcement, fire control, roads and streets, culture and recreation, public improvements, planning and zoning, marina and campground, garbage and solid waste, cemetery, and general administrative services.

As required by generally accepted accounting principles, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the City is financially accountable. The City is financially accountable if:

- a) the City appoints a voting majority of the organization’s governing board and (1) the City is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City,

or

- b) the organization is fiscally dependent on the City and (1) there is a potential for the organization to provide specific financial benefits to the City or (2) impose specific financial burdens on the City.

Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City’s financial statements from being misleading.

Based upon application of the above criteria, management of the City has determined that the City is financially accountable for the Pahokee Community Revitalization Corporation, Inc. (PCRC) and that it should be included in the City’s reporting entity.

As of September 30, 2020, no financial activity has taken place in the PCRC. The PCRC will be included in the City’s reporting entity as a blended component unit whenever financial activities begin.

Management has determined that no other component units exist which would require inclusion in this report. Further, the City is not aware of any entity that would consider the City to be a component unit.

Government-wide 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The underlying accounting system for the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the City are classified into two categories: governmental funds and enterprise funds. Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

## Governmental Funds

The City reports the following as major governmental funds.

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

The *Henderson Endowment Fund* is used to account for the permanently restricted principal received from the Estate of Henderson and the related investment income restricted for cemetery operation.

The *Special Revenues Fund* is used to account for the City's proceeds from specific sources not accounted for in the General Fund.

The *Debt Service Fund* is used to account for the City's debt and the principle and interest payments of those debts, as well as proceeds received from new debt issuances.

The *Capital Projects Fund* is used to account for the completion of the City's capital projects.

## Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major proprietary funds:

The *Marina and Campground Fund* accounts for leasing activities of the marina and campsite area.

The *Cemetery Fund* accounts for the operation of the Port Mayaca Cemetery.

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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. The City does not accrue property tax revenues since the collection of these taxes coincides with the fiscal year in which levied, and since the City consistently has no material uncollected property taxes at year end. 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. A 60-day availability period is used for revenue recognition for governmental fund revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences claims and judgments, are recorded only when payment is due.

Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash. Property taxes, franchise taxes, licenses, interest revenue, intergovernmental revenues, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses report on the costs to maintain the proprietary systems, 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.

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 they are needed.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with maturities of three months or less when purchased.

### Investments

Investments are stated at fair value, except as discussed below. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The City categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Investments include amounts held in the Florida PRIME investment pool administered by the State Board of Administration. The City reports its investment in Florida PRIME at amortized cost. Investments in Florida PRIME are exempt from the GASB 72 fair value hierarchy disclosures.

### Accounts Receivable

Accounts receivable of the governmental funds and enterprise funds consist of billed and unbilled receivables.

### Inventory

Inventory is valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventory are recorded as expenditures when consumed rather than when purchased.

### Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Interfund Transactions (Continued)

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks) are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000. Capital assets are recorded at cost or the fair market value of the assets at the time of contribution. Depreciation has been provided over the useful lives using the straight line method. The estimated useful lives are as follows:

Buildings	20-40 years
Improvements	20-30 years
Equipment	3-10 years

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. All vacation, sick leave, and sabbatical leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Interest costs in governmental funds in the fund basis statements are charged to expenditures as incurred. Construction period interest incurred in proprietary funds is capitalized and included in the cost of the assets in accordance with generally accepted accounting principles.

#### Unavailable Revenue

The government reports unavailable revenue on its governmental funds balance sheet. Unavailable revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

#### Unearned Revenue

The government reports unearned revenue on its government wide statement of net position and proprietary statement of net position. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures.

#### Deferred Outflows of Resources

In addition to assets, the statement of financial position might sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that is applicable to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) in the current period. At the current time, the City has only pension related items that qualify for reporting in this category.

#### Deferred Inflows of Resources

In addition to liabilities, the statement of financial position might sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) in the current period. At the current time, the City has three items that qualify for reporting in this category: (1) Pension related items; (2) Local business tax receipts that are received by the City prior to the period for which the taxes are levied are reported as deferred inflows of resources on both the entity-wide statement of net position and on the governmental funds balance sheet; and (3) Governmental fund revenues that are not received within 60 days of the fiscal year end don't meet the availability criterion for revenue recognition of the modified accrual basis of accounting, and are therefore reported as deferred inflows of resources on the governmental funds balance sheet.



Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. Net position is displayed in the following three components:

1. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. *Restricted net position* – Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions of enabling legislation.
3. *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

### Fund Balances

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. *Nonspendable Fund Balance* – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Fund Balances (Continued)

2. *Restricted Fund Balance* – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. *Committed Fund Balance* – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (an ordinance) it employed to previously commit those amounts.
4. *Assigned Fund Balance* – Includes amounts intended to be used by the City for specific purposes, but are neither restricted nor committed. Intent should be expressed by the City Commission or the City Manager to which the City Commission has delegated authority to assign amounts to be used for specific purposes. The authority for making an assignment is not required to be the City’s highest level of decision making authority. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed.
5. *Unassigned Fund Balance* – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the City’s policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City’s policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

### Implementation of Governmental Accounting Standards Board Statements

The City implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2020.

In November 2016 the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for an asset retirement obligation. The implementation of this statement did not impact the City's financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not impact the City's financial statements.

### Recently Issued Accounting Pronouncements

A brief description of new accounting pronouncements that might have a significant impact on the City's financial statements is presented below. Management is currently evaluating the impact of the adoption of these pronouncements on the City's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.

In May 2017, the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2022.

In August 2018, the GASB issued Statement No. 90, *Major Equity Interests*. This Statement will improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the fiscal year ending September 30, 2021.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to (1) intra-entity transfers of assets and those related to the applicability of Statements 73 and 74; (2) application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities; and (3) the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement is designed to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is effective for the fiscal year ending September 30, 2021. Additionally, in March 2020, the GASB issued Statement No. 94, *Public- Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is designed to improve financial reporting by addressing issues related to public-private and public- public partnership arrangements (PPPs). This Statement is effective for the fiscal year ending September 30, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2022.

In May 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement provides guidance on to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for the fiscal year ending September 30, 2021.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Data*

Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Funds. All budgets are legally enacted. The annual appropriated budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Except for not budgeting for depreciation, the annual appropriated budgets for the Enterprise Funds are adopted on a basis consistent with generally accepted accounting principles. For budgeting purposes, current year encumbrances are not treated as expenditures.

The following procedures are utilized to establish the annual budget:

1. Prior to August 1st, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1st. 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 1st, the budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts within functional areas (general government, public safety, transportation, and culture and recreation); however, any revisions that alter the total expenditures of functional area must be approved by the City Commission through a legally enacted resolution.

Budgetary Data (Continued)

5. Appropriations along with encumbrances lapse on September 30th.

For the year ended September 30, 2020, General Fund expenditures exceeded appropriations by \$450,377. The excesses occurred because various revenue / grants that were not budgeted.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide.

The tax levy of the City is established by the City Commission prior to October 1st of each year and the Palm Beach County Property Appraiser incorporates the City's millage into the total tax levy, which includes Palm Beach County, the Palm Beach County School Board, and special district tax requirements. All property is reassessed according to its fair market value on January

1st of each year, which is also the lien date. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of State statutes. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The tax rate for the Palm Beach County Fire/Rescue Municipal Service Taxing Unit (MSTU) is included in the 10 mills. See Note 15. The millage rate assessed by the City for the year ended September 30, 2019, was 6.5419 (\$6.5419 for each \$1,000 of assessed valuation). The MSTU portion of the City's millage rate was 3.4581 mills.

All taxes are due and payable on November 1st of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April

1st following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1st following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2020, unpaid delinquent taxes were not material.

### Compliance

The audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2020 were not filed timely.

## **NOTE 3 – DEPOSITS AND INVESTMENTS**

### Deposits with Financial Institutions

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The City's deposits at year end are considered insured for custodial credit risk purposes. At year end, the carrying amounts of the City's deposits were \$2,868,183 and the bank balances were \$2,868,0183. The City also had \$550 in petty cash.

### Investments

Florida Statutes and the City's investment policy authorize the City to invest in the following types of securities:

- The Local Government Surplus Funds Trust Fund.
- Direct obligations of the United States Treasury.
- Interest bearing time deposits (Certificates of Deposit) or savings accounts in Qualified Public Depositories as defined in Florida Statutes.
- Obligations of federal agencies and instrumentalities.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

The investment policy applies to all funds held by the City in excess of those required to meet current expenses, with the exception of pension fund assets and funds whose uses are restricted by debt covenants or legal, regulatory or other constraints. The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The investment in Florida PRIME is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79). The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value in the Florida PRIME.

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value in the Florida PRIME.



The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2020, was 51 days. A portfolio’s WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of Florida PRIME to interest rate changes.

GASB 72 requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three- tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- Level 1:

Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.
- Level 2:

Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.
- Level 3:

Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

As of September 30, 2020, the City did not hold any investments that are required to be reported in accordance with GASB 72.

As of September 30, 2020, the City had the following investments:

<u>Investment Measured at Amortized Cost</u>	<u>Maturity</u>	<u>Amount</u>
Florida PRIME	50 days	<u>\$ 329,676</u>

A reconciliation of cash and cash equivalents and investments as shown on the statement of net position to deposits and investments as of September 30, 2020 is as follows:

By category:	
Deposits	\$ 2,868,183
Petty cash	550
Investments	329,676
Total deposits and investments	<u>\$ 3,198,409</u>
Presented in the statement of net position:	
Unrestricted cash and cash equivalents	\$ 2,401,520
Restricted cash and cash equivalents	796,889
Total cash and cash equivalents	<u>\$ 3,198,409</u>

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City’s investment policies limit its investments to high quality investments to control credit risk. As of September 30, 2020, the SBA Florida PRIME Pool was rated AAAm by Standard and Poor’s.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the interest rate risk. The City’s investment policy attempts to match investment maturities with known cash needs and anticipated cash flow requirements to limit interest rate risk. Investments of current operating funds are limited to maturities of no longer than five years. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds, but no longer than ten years.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. To limit concentration of credit risk, the City’s investment policy has established the following maximum limits by instrument:

Investment Instrument	Maximum
Local Government Surplus Funds Trust Fund	75%
Direct Obligations of the U.S. Treasury	75%
Money Market, CD's and Savings Accounts	75%
Other U.S. Government Obligations/Agencies	50%

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2020, are comprised of the following:

	General Fund	Special Revenues Fund	Capital Projects Fund	Cemetery Fund
Billed	\$ 118,461	\$ -	\$ -	\$ 6,736
Unbilled	\$ 58,727	-	-	-
Taxes receivable	101,341	35,659	-	-
Grant receivables	-	-	-	-
Due from other governments	<u>81,226</u>	<u>-</u>	<u>469</u>	<u>-</u>
Subtotal	359,755	35,659	469	6,736
Less allowance for uncollectable	<u>(67,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 291,840</u>	<u>\$ 35,659</u>	<u>\$ 469</u>	<u>\$ 6,736</u>

The Palm Beach County Water Utility Department (PBCWUD) provides billing and collection services for the City’s solid waste collection activities. Amounts collected by the PBCWUD but not yet paid to the City are reported as due from other governments. The amounts are reported net of a one percent administrative fee.

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**CITY OF PAHOKEE, FLORIDA**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 404,742	\$ -	\$ -	\$ -	\$ 404,742
Construction in progress	46,238	470,111	-	(1,750)	514,599
Total not being depreciated	450,980	470,111	-	(1,750)	919,341
Capital assets being depreciated:					
Improvements other than buildings	5,013,723	264,857	-	-	5,278,580
Buildings	5,144,902	-	-	-	5,144,902
Equipment	1,933,573	-	-	-	1,933,573
Total being depreciated	12,092,198	264,857	-	-	12,357,055
Total at historical cost	12,543,178	734,968	-	(1,750)	13,276,396
Less accumulated depreciation for:					
Improvements other than buildings	(1,724,718)	(232,554)	-	-	(1,957,272)
Buildings	(4,250,545)	(66,697)	-	-	(4,317,242)
Equipment	(1,551,182)	(106,533)	-	-	(1,657,715)
Total accumulated depreciation	(7,526,445)	(405,784)	-	-	(7,932,229)
Governmental activities capital assets, net	\$ 5,016,733	\$ 329,184	\$ -	\$ (1,750)	\$ 5,344,167
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 98,000	\$ -	\$ -	\$ -	\$ 98,000
Total not being depreciated	98,000	-	-	-	98,000
Capital assets being depreciated:					
Improvements other than buildings	9,424,642	-	-	-	9,424,642
Buildings	8,170,492	-	-	-	8,170,492
Equipment	163,046	-	-	-	163,046
Total being depreciated	17,758,180	-	-	-	17,758,180
Total at historical cost	17,856,180	-	-	-	17,856,180
Less accumulated depreciation for:					
Improvements other than buildings	(6,272,889)	(826,565)	-	-	(7,099,454)
Buildings	(2,564,998)	(271,949)	-	-	(2,836,947)
Equipment	(158,575)	(1,192)	-	-	(159,767)
Total accumulated depreciation	(8,996,462)	(1,099,706)	-	-	(10,096,168)
Business-types activities capital assets, net	\$ 8,859,718	\$ (1,099,706)	\$ -	\$ -	\$ 7,760,012

## **NOTE 5 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

### **Governmental Activities:**

General government	\$	39,839
Public safety		4,353
Transportation		198,565
Culture and recreation		163,027
<b>Total depreciation expense governmental activities</b>	<b>\$</b>	<b>405,784</b>

### **Business-type activities:**

Marina & Campground	\$	1,091,208
Cemetery		8,498
<b>Total depreciation expense business-type activities</b>	<b>\$</b>	<b>1,099,706</b>

## **NOTE 6 – INTERFUND TRANSACTIONS**

The composition of interfund balances at September 30, 2020, is as follows:

### Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Cemetery Fund	Henderson Endowment Fund	\$ 22

The outstanding balances between funds result primarily from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur; transactions are recorded in the accounting system; and payments between funds are made.

### Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Marina and Campground Fund	\$ 174,827
General Fund	Cemetery Fund	412,370
		<u>\$ 587,197</u>

The outstanding balances between funds represent interfund loans to cover operating deficits.

**NOTE 6 – INTERFUND TRANSACTIONS (Continued)**Transfers

Interfund transfers for the year ended September 30, 2020, are as follows:

<u>Transfers Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Marina and Campground Fund	\$ 100,373
General Fund	Capital Projects Fund	80,964
Henderson Endowment Fund	Cemetery Fund	3,746
Special Revenues Fund	Debt Service Fund	135,234
		<u>\$ 320,317</u>

**NOTE 7 – LONG-TERM LIABILITIES**Governmental Activities

Long-term liabilities of the governmental activities at September 30, 2020, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within</u>
<b>Governmental activities:</b>					
Notes payable	\$ 523,172	\$ -	\$ -	\$ 316,456	\$ 119,602
Compensated absences	168,705	77,076	(69,170)	176,611	69,170
OPEB	88,987	-	-	88,987	-
Net pension liability	91,084	-	-	91,084	-
Total governmental	<u>\$ 871,948</u>	<u>\$ 77,076</u>	<u>\$ -</u>	<u>\$ 673,138</u>	<u>\$ 188,772</u>

Business-Type Activities

Long-term liabilities of the business-type activities at September 30, 2020, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 4,386	\$ 2,085	\$ (1,359)	\$ 5,112	\$ 1,585
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The liability for compensated absences, other postemployment benefits, and the net pension liability have been paid out of the fund where the related employees work.

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

Bank of Belle Glades Promissory Note, Series 2018

On November 13, 2018, the City issued the City Pahokee Promissory Note, Series 2018 in the principle amount of \$605,780. The note was issued to finance the purchase and installation of an artificial turf surface on the City’s Everglades Preparatory Academy football field and to pay costs related thereto (the “Project”) and to pay costs of issuance of the Note. Principle and interest (4.40%) payments are due monthly beginning January 1, 2019. The Note is to be repaid using the City’s discretionary sales tax revenues. Annual debt service requirements are as follows:

Fiscal Year Ending	
September 30	Amount
2021	\$ 119,602
2022	124,972
2023	130,583
2024	33,552
	<u>\$ 408,709</u>

**NOTE 8 – FLORIDA RETIREMENT SYSTEM**

General Information

All full-time employees hired before January 1, 1996 are eligible to participate in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the Florida Retirement System Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing multiple-employer defined benefit pension plan, to assist retired members of any state administered retirement system in paying the costs of health insurance.

Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

## **NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued)**

### **General Information (Continued)**

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

### **Significant Accounting Policies**

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

### ***PENSION PLAN***

#### **Plan Description**

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class Special  
Risk Class Elected  
Officials Class  
Senior Management Service Class

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service.

Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.



## Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following table shows the percentage value for each year of service credit earned: Regular

Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service	1.68%
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service	1.68%
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00%
Service on or after October 1, 1974	3.00%
Elected Officials Class	3.00%
Senior Management Service Class	2.00%

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

## Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1st of each year. The employer contribution rates by job class for the fiscal year ended September 30, 2020 were as follows:

Class	10/01/18 through 06/30/19	07/01/19 through 09/30/19
Regular Class	8.26%	8.47%
Senior Management Service Class	24.06%	24.41%
Special Risk Class	24.50%	25.48%
DROP	14.03%	14.60%

The employer contribution rates include a 1.66% HIS Plan subsidy. Except for DROP, the rates also include 0.06% for administrative costs of the Public Employee Optional Retirement Program.

For the fiscal year ended September 30, 2020, the City made contributions of \$5,841 to the Pension Plan and the City's employees made contributions of \$5,527, for total contributions of \$9,159.

## Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the City reported a liability of \$76,197 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was 0.000175806 percent, which was an increase of 0.0000062747 percent from its proportionate share measured as of June 30, 2019. For the fiscal year ended September 30, 2020, the City recognized pension expense of \$3,807 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions on the following page from the following sources:

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,916	\$ -
Change of assumptions	13,794	-
Net difference between projected and actual earnings of Pension Plan investments	4,537	-
Change in proportion and differences between City Pension Plan contributions and proportionate share of contributions	1,539	9,715
	<u>\$ 22,786</u>	<u>\$ 9,715</u>

The deferred outflows of resources related to the Pension Plan, totaling \$22,786 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2021	\$ (3,845)
2022	(2,266)
2023	(967)
2024	(884)
2025	(214)
Thereafter	-
	<u>\$ (8,176)</u>

### Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Mortality	Generational RP-2000 with projection scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

Asset Class	10/01/1 8	07/01/1 9		
	through	through		
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

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

**PENSION PLAN (Continued)**

Discount Rate

The long-term expected rate of return assumption of 6.90% used in the discount rate calculations consists of two building block components: 1) a real (in excess of inflation) return of 4.5%, consistent with the currently articulated real return target in the current Florida State Board of Administration’s investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; 2) a long-term average annual inflation assumption of 2.6% as most recently adopted in October 2018 by the FRS Actuarial Assumption Conference. The discount rate of 6.90% used for the net pension liability calculations differs from the 7.50% investment rate of return chosen by the FRS Actuarial Assumptions Conference used for funding policy.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

Asset Class	1% Decrease	Current	1% Increase
	(5.90%)	Discount Rate (6.90%)	(7.90%)
City's proportionate share of the net pension liability	\$ 65,154	\$ 76,197	\$ 87,240

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2020, the City reported no payable for outstanding contributions to the Pension Plan.

**RETIREE HEALTH INSURANCE SUBSIDY PROGRAM**

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City’s contributions to the HIS Plan totaled \$1,761 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the City reported a liability of \$37,319 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City’s proportionate share of the net pension liability was based on the City’s 2019-2020 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2020, the City's proportionate share was .000305650 percent, which was an increase of 0.00000009636 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized a pension income of \$82. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,527	\$ 29
Change in assumptions	4,013	2,170
Net difference between projected and actual earnings on pension plan investments	30	-
Change in proportion and differences between City pension plan contributions and proportionate share of contributions	1,875	5,510
	<u>\$ 7,445</u>	<u>\$ 7,709</u>

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to the HIS Plan, totaling \$7,445 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2021	\$ (1,913)
2022	(1,947)
2023	(376)
2024	179
2025	229
Thereafter	190
	<u>\$ (3,638)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2020
Measurement date	June 30, 2019
Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.58%
Investment rate of return	N/A
Mortality	GenerationalRP-2000 with projection scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.



Discount Rate

The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

<u>Asset Class</u>	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
City's proportionate share of the net pension liability	\$ 26,895	\$ 37,319	\$ 47,743

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2020, the City reported no payable for outstanding contributions to the HIS Plan.

**Summary Data**

The following table provides a summary of significant information related to the Florida Retirement System defined benefit plans for the year ended September 30, 2020:

Description	Pension Plan	HIS Program	Total
Total pension liability	\$ 360,244	\$ 38,475	\$ 398,719
Plan fiduciary net position	284,047	1,156	285,203
Net pension liability	76,197	37,319	113,516
Deferred outflows of resources	22,786	7,445	30,231
Deferred inflows of resources	9,715	7,709	17,424
Pension expense	12,196	(82)	12,114

**NOTE 9 – GENERAL EMPLOYEES’ RETIREMENT PLAN**

The General Employees Retirement Plan (the "Plan") is a single employer defined contribution pension plan established by the City to provide retirement and death benefits to general employees hired on or after January 1, 1996. A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of these contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account. Under the terms of the Plan agreement, all forfeitures shall be used to reduce the employer's contributions.

Vesting commences at a rate of 20% each year until the employee is fully vested after five years. Credited service begins with the first day of the month coinciding with or the next day following six months of service. Plan provisions and contribution requirements are established and may be amended by the City Commission.

The City is required to contribute 3% of covered compensation. Plan members are not allowed to contribute to the Plan. However, if Plan members contribute 3% of compensation to the Internal Revenue Code Section 457 Deferred Compensation Plan (see Note 10), the City will make a matching contribution of 4.35% to the General Employees’ Retirement Plan. For the year ended September 30, 2019, the City recognized pension expense of \$63,700 for the General Employees’ Retirement Plan, which included forfeitures of \$63,700. At September 30, 2020, the City reported no payable for outstanding contributions to the Plan.

### **NOTE 9 – GENERAL EMPLOYEES’ RETIREMENT PLAN (Continued)**

The Plan is administered by the Florida League of Cities, which provides various investment alternatives. Participants direct the allocation of contributions to investment alternatives offered under the Plan. Because the City does not hold or administer funds for the Plan, the Plan does not meet the criteria for inclusion in the City’s financial statements as a fiduciary fund.

### **NOTE 10 – DEFERRED COMPENSATION PLAN**

Employees of the City of Pahokee may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Valic, Inc. administers the deferred compensation plan.

On December 15, 1998, the Deferred Compensation Plan was amended to conform with the changes in the Internal Revenue Code brought about by the Small Business Job Protection Act of 1996 (the “Act”). The Act requires that eligible deferred compensation plans established and maintained by governmental employers be amended to provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, plan assets will no longer be subject to the claims of the City’s general creditors.

Because the City has little administrative involvement and does not perform the investing function for funds in the Pinnacle Associates Plan, the City’s activities do not meet the criteria for inclusion in the fiduciary funds of a government.

### **NOTE 11 – DEFICIT NET POSITION OF INDIVIDUAL**

As of September 30, 2020, the Marina and Campground Enterprise Fund reported positive net position but reported a deficit of \$273,790 in unrestricted net position, and the Cemetery Enterprise Fund reported a positive \$9,373 in total net position and a deficit of \$289,178 in unrestricted net position.

**NOTE 12 – INDUSTRIAL DEVELOPMENT BONDS**

In May 2009, the City issued \$2,480,000 of Series 2009 bonds pursuant to an Indenture of Trust dated as of May 1, 2009 between the City and U.S. Bank National Association of Fort Lauderdale, Florida. The City issued \$2,480,000 of its Healthcare Facility Refunding Revenue Bonds, Series 2009 in two series. The City issued \$2,130,000 of its 6.5%-9.0% Series 2009A bonds and \$350,000 of its 9.0%-11.5% Taxable Series 2009B bonds. The Series 2009A bonds were issued to repay the remaining principal on the Series 1990 bonds and enable the Council to improve the Glades Health Care Center. The proceeds from the sale of the Series 2009B bonds were used to pay certain costs of issuance relating to the issuance of the Series 2009A bonds and the Series 2009B bonds. The bonds are secured by a first mortgage lien on, and security interest in, the real property, personal property and fixtures, and a pledge and assignment of, and security interest in, the gross revenues of the Council. The Gainesville Council on Aging, Inc. is a guarantor on the bonds.

The Series 2009 bonds do not constitute a debt, liability or obligation of the City, and neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal of or the interest on the Series 2009 bonds. The City is not obligated to pay the Series 2009 bonds or the interest thereon except from the revenues and proceeds pledged from the borrower.

As of September 30, 2020, there was \$1,025,000 of the Series 2009A conduit debt outstanding.

**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

Florida Statutes limit the City’s maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

**NOTE 14 – LITIGATION CONTINGENCIES**

The City is involved in various litigations and claims arising in the course of operations. It is the opinion of legal counsel that the likelihood of unfavorable outcome and the amounts of potential losses cannot be reasonably determined at this time. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

## **NOTE 15 – COMMITMENTS**

### **Palm Beach County Fire Rescue Services Interlocal Agreement**

On September 12, 2006, the City entered into a 10-year inter-local agreement with Palm Beach County to provide fire suppression, emergency medical services, special operations, hazardous materials response and mitigation, emergency communications, confined space rescue, dive rescue, fire code inspections, arson investigation, new construction inspection, community education programs, and all other emergency and non-emergency services to the City of Pahokee commencing October 1, 2006. Under the terms of the Agreement, the City transferred all the City's fire rescue apparatus and related equipment, to Palm Beach County Fire Rescue on October 1, 2006.

The costs of the services under the Agreement are to be funded through the Fire/Rescue MSTU pursuant to ordinances adopted by the County and the City providing for the inclusion of the City into the Fire/Rescue MSTU. It is anticipated that the County Fire/Rescue dispatch and related communication services to the City will be funded from countywide ad valorem tax revenues through the Countywide Common Dispatch program offered by the County to any fire-rescue providers that desire these services. If the County's ability to fund the dispatch and related communication services from non-MSTU revenues is eliminated for any reason, then the County may fund these dispatch and related services to the City through the Fire/Rescue MSTU. The tax rate for the MSTU is included in the 10 mills the City is legally allowed to assess. For the fiscal year ended September 30, 2020, the MSTU portion of the City's millage rate was 3.4581 mills.

Should the City for any reason no longer be included in the Fire/Rescue MSTU during the term of the Agreement, the City shall pay the County an annual, or prorated, contract amount equal to the value of taxable property within the incorporated boundaries of the City multiplied by the Fire/Rescue MSTU millage rate.

As part of the Agreement, the City agreed to lease the building and surrounding property known as the Pahokee Fire Station to the County for its use as a fire station for the sum of one dollar per year for a period of ten years commencing on October 1, 2006.

The City entered into an inter-local agreement with the Palm Beach County Sheriff's Office to provide law enforcement services commencing February 12, 2006, and ending September 30, 2008. The agreement was later amended to extend the contract through September 30, 2009.

On July 12, 2016, the City approved the eleventh addendum to the agreement extending the agreement through September 30, 2017. The cost for the year ending September 30, 2017 was \$583,905. On August 22, 2017, the City approved the twelfth addendum to the agreement extending the agreement through September 30, 2018. The contractual cost for the year ending September 30, 2018 was \$548,924. The contracted was extended for another year through September 30, 2019. The contractual cost for the year ended September 30, 2020 was \$565,501.

## **NOTE 16 – SPECIAL ENDOWMENT**

On October 12, 1999, the Port Mayaca Cemetery received \$875,000 from an estate. The bequest was intended as a permanent endowment for the cemetery. All earnings on the principal amount can be used by the cemetery for the upkeep, maintenance, and beautification of the cemetery. In addition, the cemetery is allowed to borrow up to \$100,000 to purchase equipment or to make improvements to the cemetery. Any amount borrowed must be paid back into the endowment over a period not to exceed seven years.

The City has established a permanent fund to account for the endowment principal, investment earnings, and transfers to the Cemetery Fund for upkeep, maintenance, and beautification of the cemetery. During the fiscal year ended September 30, 2020, the permanent fund transferred \$3,746 to the Cemetery Fund.

## **NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS**

In June 2015, GASB released GASB Statement No. 75 which replaces the accounting standards for other post employment benefits (OPEB) for employer accounting. This standard will be applied to post employment medical benefits that are by provided to the City's retirees. Prior to the GASB No. 75, benefits were accounted for under GASB No. 45.

Under GASB No. 45, the net OPEB obligation was a liability of the City. Under GASB No. 75, the entire unfunded actuarial accrued liability is now reported on the financial statements. There is no longer a net OPEB obligation. The annual expense is equal to the increase (decrease) in the funded actuarial accrued liability. To minimize expense volatility, some of the increase (decrease) is deferred.

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Plan Description

The City provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries to continue to obtain health benefits upon retirement. The normal retirement age for City employees is age 62 for employees enrolled in the retirement plan before July 1, 2011 and age 65 for employees enrolled in the retirement plan after July 1, 2011. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Funding Policy

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City’s actuaries in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree’s own payments for the year.

Plan membership

Based on the actuarial valuation results as of September 30, 2020, the number of participants included in the plan is as follows:

Retired participants	-
Active employees	<u>53</u>
Total	<u>53</u>

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Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	October 1, 2019
Actuarial cost method	Entry Age Normal (Alternative Measurement Method)
Amortization method	Level Dollar - Open
Amortization period	30-year closed period
Asset valuation method	Not Applicable Actuarial
assumptions:	
Discount rate	3.58%
Healthcare cost trend	10.00% for 2019, 9.44% for 2020, 8.89% for 2021 decreasing to 5.0% in 2028
Mortality	RP-20 14 Combined Annuitant Mortality Table for males and females. The Mortality Table reflects recent rates developed by the Society of Actuaries.

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 9/30/2018	\$ 88,987	\$ -	\$ 88,987
Service Cost	8,136	-	8,136
Interest on Total OPEB Liability	3,154	-	3,154
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions and Other Inputs	447	-	447
Benefit Payments	(4,660)	-	(4,660)
Other Changes	109	-	109
Net Changes	7,186	-	7,186
Balances as of 9/30/2019	\$ 96,173	\$ -	\$ 96,173



Sensitivity of Net OPEB Liability

The following table presents the net OPEB liability, using a discount rate and health care cost trend rate that is 1-percentage point lower and 1-percentage point higher:

	1% Decrease	Current	1% Increase
	7.46%	Discount Rate	8.05%
Discount rate	\$ 88,995	\$ 96,173	\$ 103,916
	1% Decrease	Current	1% Increase
	10.60%	Trend Rate	12.46%
Health care cost trend rate	\$ 85,981	\$ 96,173	\$ 108,160

Discount Rate

The City does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher (or equivalent quality on another rating scale). A rate of 3.58% is used, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of September 30, 2020.

OPEB Expense

Service Cost	\$ 7,850
Interest on Service Cost	286
Total	8,136
Interest Cost	3,154
Difference Between Expected & Actual Experience	(728)
Changes of Assumptions and Other Inputs	(1,522)
Total	\$ 9,040

Schedule of Deferred Inflows and Outflows of Resources

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,792
Changes of assumptions	2,820	19,087
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	<u>\$ 2,820</u>	<u>\$ 26,879</u>

The deferred outflows and deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan are as follows:

Fiscal Year Ending September 30	Outflows	Inflows
2020	\$ 260	\$ 2,510
2021	260	2,510
2022	260	2,510
2023	260	2,510
2024	260	2,510
Thereafter	1,521	14,333
	<u>\$ 2,821</u>	<u>\$ 26,883</u>

**NOTE 18 – OPERATING LEASES**Everglades Preparatory Academy

In March 2007, the City entered into an agreement with Everglades Preparatory Academy, Inc. (Everglades) to lease certain facilities at the Old Pahokee High School to Everglades. The term of the lease was for a 10-year period commencing on May 1, 2007, with an option to renew for an additional 10-year term. In 2017, Everglades exercised its option to renew the lease. Total lease payments received under the lease during the fiscal year ended September 30, 2020 were \$33,600. As of September 30, 2020, the cost of the land and building under the operating lease was \$2,607,755 and accumulated depreciation was \$2,425,376 resulting in a net book value of \$182,379. The building is fully depreciated.

Everglades Preparatory Academy (Continued)

The future minimum rentals for the noncancelable lease are as follows:

Fiscal Year Ending September 30th	Future Minimum Rentals
2021	\$ 33,600
2022	33,600
2023	33,600
2024	33,600
2025	33,600
2026-2027	67,200
	\$ 235,200

Lutheran Services Florida

In May 2014, the City entered into an agreement with Lutheran Services Florida, Inc. (Lutheran) to lease to Lutheran a building and various other improvements located at 380 East Dr. Martin Luther King Jr. Boulevard to Lutheran. The term of the lease was for a 5-year period commencing May 2014. Lutheran has the right to terminate the lease for any reason upon 120 days prior written notice to the City. Total lease payments received under the lease during the fiscal year ended September 30, 2020 were \$25,910. As of September 30, 2020, the cost of the land and building under the operating lease was \$100,800 and accumulated depreciation was \$83,664, resulting in a net book value of \$17,136. The building is fully depreciated.

Okeechobee Land Company

In July 2008, the City entered into an agreement with Okeechobee Land Company (Okeechobee) to lease the property located at 246 East Main Street to Okeechobee for the purpose of operating a retail tire store. The term of the lease was for a 10-year period commencing August 1, 2008. Total lease payments received under the lease during the fiscal year ended September 30, 2020 were \$10,000. As of September 30, 2020, the cost of the land and building under the operating lease was \$75,531 and accumulated depreciation was \$24,468, resulting in a net book value of \$51,063. The building is fully depreciated.

**Metro PCS**

In April 2005 the City into an agreement with MetroPCS California/Florida, Inc. (Metro PCS) to lease land consisting of approximately 180 square feet located at 335 Muck City Road to Metro PCS for use as a personal communications service system. The term of the lease was for a 5-year period commencing on April 29, 2005. The agreement will be automatically renewed for four additional terms of 5 years each unless Metro PCS provides the City notice of intention not to renew not less than 90 days prior to the expiration of any renewal term. Total lease payments received under the lease during the fiscal year ended September 30, 2020 were \$21,657. As of September 30, 2020, the cost of the land under the operating lease was approximately \$81.

**NOTE 20 – SUBSEQUENT EVENT**

Management has evaluated subsequent events to determine if events or transactions occurring through March 4, 2022, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

The City evaluated its September 30, 2020 financial statements for subsequent events through the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen and will likely have a negative impact to financial operations; although such potential impact is unknown at this time.



REQUIRED SUPPLEMENTARY INFORMATION





Taxes	\$ 1,355,004	\$ 1,355,004	\$ 1,143,516	\$ (211,488)
Licenses and permits	84,500	84,500	383,642	299,142
Intergovernmental	1,473,856	1,473,856	1,342,562	(131,294)
Charges for services	787,050	787,050	890,252	103,202
Fines and forfeitures	55,500	55,500	83,977	28,477
Investment income	3,000	3,000	13,964	10,964
Miscellaneous	170,097	170,097	166,726	(3,371)
Total revenues	<u>3,929,007</u>	<u>3,929,007</u>	<u>4,024,639</u>	<u>95,632</u>
<b>Expenditures:</b>				
Current:				
General government	1,406,986	1,406,986	1,023,777	383,209
Public safety	565,502	565,502	787,939	(222,437)
Transportation	799,777	799,777	729,642	70,135
Culture and recreation	630,426	630,426	539,785	90,641
Physical environment	413,780	413,780	517,723	(103,943)
Capital outlay	-	-	-	-
Total expenditures	<u>3,816,471</u>	<u>3,816,471</u>	<u>3,598,866</u>	<u>217,605</u>
Excess of revenues over expenditures	<u>112,536</u>	<u>112,536</u>	<u>425,773</u>	<u>313,237</u>
Other financing sources (uses):				
Operating transfer out	<u>(112,536)</u>	<u>(112,536)</u>	<u>(19,409)</u>	<u>93,127</u>
Total other financing sources (uses):	<u>(112,536)</u>	<u>(112,536)</u>	<u>(19,409)</u>	<u>93,127</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	406,364	<u>\$ 406,364</u>
Fund balance, beginning of year			1,954,706	
Fund balance, end of year			\$ 2,361,070	

Interest income	5,000	5,000	3,746	(1,254)
Total revenues	5,000	5,000	3,746	(1,254)
<b>Expenditures:</b>				
Current:				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	5,000	5,000	3,746	(1,254)
Other financing sources (uses):				
Operating transfer out	(5,000)	(5,000)	(3,746)	1,254
Total other financing sources (uses):	(5,000)	(5,000)	(3,746)	1,254
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			875,000	
Fund balance, end of year			\$ 875,000	



**CITY OF PAHOKEE, FLORIDA**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**Special Revenues Fund**  
**For the Fiscal Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 383,036	\$ 383,036
Total revenues	-	-	383,036	383,036
<b>Expenditures:</b>				
Current:				
Capital Outlay	-	-	19,875	(19,875)
Total expenditures	-	-	19,875	(19,875)
Excess of revenues over expenditures	-	-	363,161	363,161
Other financing sources (uses):				
Operating transfer in	-	-	(135,234)	135,234
Total other financing sources (uses):	-	-	(135,234)	135,234
Net change in fund balance	\$ -	\$ -	227,927	\$ 498,395
Fund balance, beginning of year			-	
Fund balance, end of year			\$ 227,927	

Total revenues	-	-	-	-
<b>Expenditures:</b>				
Current:				
Debt service:				-
Principal	114,862	114,862	114,862	-
Interest	20,372	20,372	20,372	-
Total expenditures	135,234	135,234	135,234	-
Excess of revenues over expenditures	(135,234)	(135,234)	(135,234)	-
Other financing sources (uses):				
Operating transfer in	135,234	135,234	135,234	-
Total other financing sources (uses):	135,234	135,234	135,234	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

**CITY OF PAHOKEE, FLORIDA**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Fiscal Year Ended September 30, 2020**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 424,807	\$ 424,807	\$ -	\$ (424,807)
Intergovernmental	4,000,000	4,000,000	1,069,117	(2,930,883)
Total revenues	<u>4,424,807</u>	<u>4,424,807</u>	<u>1,069,117</u>	<u>(3,355,690)</u>
<b>Expenditures:</b>				
Current:				
Capital Outlay	<u>3,989,573</u>	<u>3,989,573</u>	<u>1,077,144</u>	<u>2,912,429</u>
Total expenditures	<u>3,989,573</u>	<u>3,989,573</u>	<u>1,077,144</u>	<u>2,912,429</u>
Excess of revenues over expenditures	<u>435,234</u>	<u>435,234</u>	<u>(8,027)</u>	<u>(443,261)</u>
Other financing sources (uses):				
Operating transfer out	<u>(435,234)</u>	<u>(435,234)</u>	<u>(80,964)</u>	<u>354,270</u>
Total other financing sources (uses):	<u>(435,234)</u>	<u>(435,234)</u>	<u>(80,964)</u>	<u>354,270</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(88,991)</u>	<u>\$ (88,991)</u>
Fund balance, beginning of year			<u>(381,871)</u>	
Fund balance, end of year			<u>\$ (470,862)</u>	

For the Fiscal Year Ended September 30, 2020

**Note 1 - Basis of Accounting**

A budgetary comparison schedule is presented for the General Fund as required by generally accepted accounting principles. The procedures for establishing budgetary data reflected in the budgetary comparison schedule are described in Note 2 to the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles.

**Note 2 - Stewardship, Compliance, and Accountability**

Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the functional area level and expenditures may not legally exceed budgeted appropriations at that level. For the year ended September 30, 2020, the following areas had expenditures in excess of appropriations.

General Fund -	
Public safety	\$ 222,437
Physical environment	103,943
<u>Total expenditures</u>	<u>\$ 326,380</u>
Special Revenues Fund -	
General government	\$ 19,875
<u>Total expenditures</u>	<u>\$ 19,875</u>

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OTHER SUPPLEMENTARY INFORMATION



**Required Supplementary Information**  
**Schedule of Funding Progress Other**  
**Postemployment Benefits**  
**For the Fiscal Year Ended September 30, 2020**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age(1) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
10/1/2012	\$ -	\$ 89,191	\$ 89,191	\$ -	N/A	N/A
10/1/2015	-	84,708	84,708	-	1,182,214	7.17%
10/1/2017	-	88,987	88,987	-	1,428,366	6.23%
10/1/2018	-	96,173	96,173	-	1,428,366	6.73%

The schedule of funding progress presented above will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City implemented GASB 45 during the fiscal year ended September 30, 2013, and elected to apply the statement prospectively. Consequently, there are no disclosures for prior years. The City is required to have an actuarial valuation every three years. The next valuation was scheduled for October 1, 2020. In future years, required trend data will be presented.

**Schedule of Employer Contributions  
Florida Retirement System Pension  
Plan**

**Last 10 Fiscal Years\***

	<u>2014**</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 7,565	\$ 7,965	\$ 4,955	\$ 5,382	\$ 5,868	\$ 5,257
Contribution in relation to the contractually required contribution	7,565	7,965	4,955	5,382	5,868	5,257
City's covered-employee payroll	129,357	132,646	87,507	92,780	110,573	104,500
Contribution as a percentage of covered-employee payroll	5.85%	6.00%	5.66%	5.80%	5.31%	5.03%

\* Amount represented for each fiscal year were determined as Of 9/30.

\*\* Information prior to 2014 is not available.

**Schedule of Proportionate Share of Net Pension Liability  
Florida Retirement System  
Pension Plan**

**Last Ten Fiscal Years\***

	<u>2014**</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.000321157%	0.000349549%	0.000213941%	0.000206741%	0.000205914%	0.000169532%
City's proportion share of the net pension liability (asset)	\$ 19,595	\$ 45,149	\$ 54,020	\$ 61,174	\$ 62,022	\$ 58,384
City's covered-employee payroll	129,357	132,646	87,507	92,780	110,573	104,500
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.15%	34.04%	61.73%	65.93%	56.09%	55.87%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	92.00%	84.88%	83.89%	83.70%	83.70%

\* Amount represented for each fiscal year were determined as of 6/30.

\*\* Information prior to 2014 is not available.



**Schedule of Employer Contribution  
Florida Retirement System  
Retiree Health Insurance Subsidy Program**

**Last Ten Fiscal Years\***

	<u>2014**</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 1,573	\$ 1,781	\$ 1,453	\$ 1,541	\$ 1,571	\$ 1,644
Contribution in relation to the contractually required contribution	1,573	1,781	1,453	1,541	1,571	1,644
City's covered-employee payroll	129,357	132,646	87,507	92,780	110,573	104,500
Contribution as a percentage of covered-employee payroll	1.2%	1.3%	1.7%	1.7%	1.4%	1.6%

\* Amount represented for each fiscal year were determined as of 9/30.

\*\* Information prior to 2014 is not available.

**Schedule of Proportionate Share of Net Pension Liability  
Florida Retirement System  
Retiree Health Insurance Subsidy Program**

**Last Ten Fiscal Years\***

	<u>2014**</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.000428372%	0.000462795%	0.000303930%	0.000291086%	0.000289752%	0.000296015%
City's proportion share of the net pension liability (asset)	\$ 40,054	\$ 47,198	\$ 35,422	\$ 31,124	\$ 30,668	\$ 33,121
City's covered-employee payroll	129,357	132,646	87,507	92,780	110,573	104,500
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.96%	35.58%	40.48%	33.55%	27.74%	31.69%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%	1.64%	1.66%	1.66%

\* Amount represented for each fiscal year were determined as Of 6/30.

\*\* Information prior to 2014 is not available.

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

To The Honorable Mayor and Members of the City Council  
City of Pahokee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund information of the City of Pahokee, Florida (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 4, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2010-01, 2014-01, 2015-01, 2016-01, 2017-03, 2018-01, and 2019-001 that we considered to be material weaknesses.

West Palm Beach  
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Miami  
Phone (305) 331-8768

Hollywood  
Phone (954) 966-4435

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned cost as items 2014-02, 2014-03, 2014-04, 2016-02, 2017-01, 2017-02, 2017-04, and 2019-002.

**City of Pahokee, Florida’s Response to Findings**

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

**Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
March 4, 2022



UNIFORM GUIDANCE/GRANTS COMPLIANCE









SCHEDULE OF FINDINGS AND QUESTIONED COSTS



Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2020

I. Summary of Independent Auditor’s Results

Financial Statements

Type of report the auditor issued:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified General
Fund	Unmodified
Henderson Endowment Fund	Unmodified
Debt Service Fund	Unmodified
Special Revenues Fund	Unmodified
Capital Projects Fund	Unmodified
Marina and Campground Fund	Qualified
Cemetery Fund	Qualified

Internal control over financial reporting:

- ☐ Material weakness(es) identified? ☒ yes ☐ no
- ☐ Significant deficiency(s) ☒ yes ☐ none reported
- Noncompliance material to financial statements noted? ☒ yes ☐ no



## I. Financial Statement Findings

### Finding 2010 – 01 – Material weakness

**Condition:** The City did not perform a physical count of inventories and has not maintained perpetual inventory records for the Cemetery Fund. Also, the City has not established adequate controls over the completeness of revenues and receivables for the Cemetery Fund.

**Criteria:** Adequate accounting records and internal controls are required for the preparation of financial statements.

**Effect:** Because of inadequacies in internal controls and accounting records relating to the Cemetery Fund, we were unable to form opinions regarding the amounts of inventories, accounts receivable, service revenue, and cost of goods sold for the fund.

**Recommendation:** We recommend that the City implement the following for the Cemetery Fund:

- 1) Perform an annual physical count of inventories at year end.
- 2) Develop and maintain perpetual inventory records.
- 3) Develop and implement procedures to monitor the completeness of revenues and receivables.

**Current year status:** Not implemented. An accurate inventory has not been performed.

**Views of responsible officials and planned corrective actions:** The administration has made several policy changes including relocating all accounting and cash receipt functions at the cemetery to the Finance Department at the City Hall to have better accountability of cemetery operations. A revolving door of managers was resolved in January of 2019 with the hiring of a full-time on-site manager. Prior to the hire, the City experienced over a decade of inaccurate record keeping, lost lot sales data, and filing of lots. In addition, most of the record keeping occurring was by hardcopy verses electronic. A reliable inventory system over decades was not sufficiently implemented. Records were destroyed in transfer of operations among two municipalities dating twenty-five (25) years. In 2019, management has successfully implemented a review of inventory and preparation to an electronic software will improve the documentation and internal controls. The full implementation of the software and the administrative changes will become apparent in FY21.

**Finding 2014 – 01 – Material Weakness**

**Condition:** We noted there was a lack of oversight of the financial reporting process.

**Criteria:** Timely and accurate accounting records are required for internal and external financial reporting.

**Effect:** Transactions were not properly recorded in the general ledger. Consequently, numerous audit adjustments were required to correct the financial records.

**Recommendation:** We recommend that the City increase oversight of the financial reporting process to facilitate the preparation of timely and accurate financial reports.

**Current year status:** Partially implemented. The City has hired an outside consultant to assist in the financial reporting process and improvements have been made. However, multiple entries were made during the audit, including a material entry to accrue an expenditure at year end in the amount of \$143,016. Additionally, see finding 2019-001.

**Views of responsible officials and planned corrective actions:** In 2017, the City acquired and implemented a new governmental accounting system that has enhanced the overall reliability, integrity, and timeliness of the City’s financial report. Providing timely and accurate financial reports to the governing body of the City is paramount to assist them in making sound and prudent financial decisions regarding the City.

Understanding that there were a few auditor’s adjusting entries still to be made in FY20, the goal of the City is to consistently improve in this area. Management understands and is constantly striving to ensure elimination of this finding. Previous administrations were not afforded the ability to financially purchase modern software, computers, and other supporting technical products thus leading to a weakness in timely recording in ledger etc. The new accounting system has been in place for over 21 months and has drastically improved the oversight reporting, while also adding an additional layer of protection and lowered the risk of external intrusions.

**Finding 2014 – 02 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

**Condition:** We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2017 were not filed timely.

**Criteria:** Florida Statutes require audit reports for local governmental entities and the Annual Financial Report to be filed within nine months of the fiscal year end. The City’s reports were due June 30, 2018.

**Effect:** Failure to file audit reports timely subjects the City to the risk of losing state shared revenues.

**Recommendation:** We recommend that the City review the financial reporting process and make any changes required to facilitate the timely preparation of financial reports.

**Current year status:** Not implemented. The fiscal year 2019 was not filed timely as well.

**Views of responsible officials and planned corrective actions:** Management concurs with this finding and has addressed filing of the Annual Financial Report within the required timeline of the issuance and delivery of the audit report. COVID-19 severely hampered the ability complete the workloads involving the audit. Subsequently, before HCT contractual agreement, the City was instructed to re-advertise for a new auditing firm thus delaying audit review by four (4) months. The City has taken a great stride in ensuring that the preparation of the audit report is done in a timely manner to eliminate this finding going forward.

**Finding 2014 – 03 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

**Condition:** As indicated in Note 2 to the Budgetary Required Supplementary Information, certain functions in the General Fund had expenditures in excess of appropriations, and total expenditures of the General Fund exceeded total appropriations.

**Criteria:** Florida Statutes prohibit expenditures in excess of appropriations.

**Effect:** Noncompliance with budgetary requirements.

**Recommendation:** We recommend that the City adopt budget amendments as necessary to eliminate expenditures in excess of appropriations.

**Current year status:** Not implemented.

**Views of responsible officials and planned corrective actions:** The City has continuously worked toward remedying this finding. As recommended, the City has improved its' budget amendment process which can be seen in FY20. Further improvement and adherence to be in compliance with the Budgetary Required Supplementary information will be demonstrated in FY21 as the final Budget amendment will show. Ensuring that this finding will not be repeated going forward.

### **Finding 2014 – 04 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

**Condition:** During our testing of credit card activity we noted the following issues:

- ▢ Some payments were not made timely resulting in the payment of late fees and finance charges.
- ▢ Sales tax was paid on certain purchases.
- ▢ Accounting records did not identify the public purpose for certain transactions.

**Criteria:** Adequate internal controls and accounting records are required for the preparation of financial reports.

**Effect:** Inadequate controls for credit card activity expose the City to the risk of fraud, misuse, and financial reporting errors.

**Recommendation:** We recommend that the City review its policies and procedures for credit card purchases and implement steps to provide adequate control over credit card use.

**Current year status:** Partially implemented. Upon our review, we noted that the Credit Card activities for the City has improved from prior year. Sales taxes was charged correctly and the City has updated their Credit Card policy and procedure to provide direction to users.

**Views of responsible officials and planned corrective actions:** The City has made changes to their processes and will continue to review the policies and procedures for credit card use and will implement appropriate procedures to provide adequate control and accounting records for these activities.

### **Finding 2015 – 01 – Material Weakness**

**Condition:** The City has not established adequate controls over the completeness of revenues and unearned revenues for the Marina and Campground Fund.

**Criteria:** Adequate accounting records and internal controls are required for the preparation of financial statements.

**Effect:** Because of inadequacies in internal controls and accounting records relating to the Marina and Campground Fund, we were unable to form opinions regarding the amounts of service revenue and unearned revenue for the fund.

**Recommendation:** We recommend that the City implement the following for the Marina and Campground Fund:

- 1) Acquire and implement special purpose software to maintain detailed records of revenue and utilization of the facilities for the marina and campground.
- 2) Establish access controls for the campground such as gates, card entry systems, and security cameras.
- 3) Develop and implement procedures to monitor and control marina and campground revenues.

**Current year status:** Partially implemented. Controls over the Marina and Campground revenues have improved with updated policies and procedures.

**Views of responsible officials and planned corrective actions:** As the City works toward bringing its annual audited financial statements current, a comprehensive review all policies and procedures related to the Marina and Campground Fund will be establish to ensure adequate controls over all operations of the Marina and Campground.

#### **Finding 2016 – 01 – Material Weakness**

**Condition:** The City has not adequately trained staff to implement purchasing procedures and management has not adequately monitored the purchasing process.

**Criteria:** The City's purchasing procedures require all purchases to have a purchase order number, excluding minor purchases made from petty cash and those purchases declared exempt. The procedures further require that all purchases exceeding ten thousand dollars shall be approved by the City Commission and shall be awarded after receiving competitive bids. Emergency purchases not exceeding fifteen thousand dollars may be made by the City Manager to meet a pressing need for the protection of the public health, safety, or welfare of the community. The City Commission shall ratify every emergency purchase as soon as it is reasonable possible.

**Effect:** Noncompliance with purchasing procedures. See Finding 2016-2.

**Recommendation:** We recommend that City staff involved in the purchasing process receive training regarding the approved purchasing procedures and that management increase monitoring of the purchasing process to maintain adequate controls.

**Current year status:** Partially implemented. Controls over these procedures have improved, however an issue was noted for FY 2020. Additionally, see Finding 2019-002.

**Views of responsible officials and planned corrective actions:** The City has made improvement in this area. The purchasing manual has been updated and is now enforced. The City Manager and the Finance Director have worked together to ensure that the policy is adhere to and best practices are a standard norm. Training programs are now incorporated for users throughout the city that are authorized to spend the City's funds.

**Finding 2016 – 02 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

**Condition:** The City has not complied with purchasing procedures.

**Criteria:** The City's purchasing procedures require all purchases to have a purchase order number, excluding minor purchases made from petty cash and those purchases declared exempt. The procedures further require that all purchases exceeding ten thousand dollars shall be approved by the City Commission and shall be awarded after receiving competitive bids. Emergency purchases not exceeding fifteen thousand dollars may be made by the City Manager to meet a pressing need for the protection of the public health, safety, or welfare of the community. The City Commission shall ratify every emergency purchase as soon as it is reasonable possible.

**Effect:** We noted the following instance of noncompliance with purchasing procedures:

- 1) Purchases in excess of ten thousand dollars were not approved by the City commission.
- 2) Competitive bids were not obtained for purchases in excess of ten thousand dollars.
- 3) Emergency purchases were not ratified by the City commission.
- 4) Purchase orders were not issued for all purchases that require them.
- 5) Purchases were made without the approval of management.
- 6) Source documents were not properly maintained.
- 7) The public purpose for purchases was not always documented.

**Recommendation:** We recommend that the City review the purchasing process and make changes required to maintain compliance with approved purchasing procedures.

**Current year status:** Partially implemented. Controls over these procedures have improved, however an issue was noted for FY 2020. Additionally, see Finding 2019-002.

**Views of responsible officials and planned corrective actions:** The city has made tremendous strides and improvements in areas identified in previous reviews. A system of checks and balances correlated around best practices of current policies has mitigated and lower mishaps in approvals and purchasing. The City has made the following updates to the purchasing policy:

1. Purchases in excess of ten thousand dollars were not approved by the City Commission. **This has been established a Resolution in fiscal year 19 to ensure compliance with this threshold.**
2. Emergency purchases were not ratified by the City Commission. **The City established a Resolution in fiscal year 19 to ensure compliance with their emergency purchases.**
3. Purchase orders were not issued for all purchases that require them. **The City updated their Purchasing Manual and has established training programs to assist users in this area.**
4. Purchases were made without the approval of management. **The City updated their Purchasing Manual and has established training programs to assist users in this area.**
5. Source documents were not properly maintained. **Source documents are now attached to the purchase orders.**
6. The public purpose for purchases was not always documented. **The City has updated its purchasing manual and has established training programs to assist users in this area.**

**Finding 2017 – 01 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

**Condition:** The Marina and Campground Enterprise Fund has experienced operating losses for many years and the Cemetery Enterprise Fund has frequently experienced operating losses. As of September 30, 2017, both funds reported a deficit in unrestricted net position. As of September 30, 2017, advances from the General Fund totaled \$193,486 for the Marina and Campground Enterprise Fund and \$338,865 for the Cemetery Enterprise Fund.

**Criteria:** Section 10.554 (1)(f), Rules of the Auditor General defines deteriorating financial condition as a circumstance determined as of the fiscal year end that significantly impairs a county, municipality, or special district's ability to generate enough revenues to meet its expenditures without causing a condition described in Section 2018.503(1), Florida Statutes to occur.

**Effect:** The City's enterprise funds might not be able to generate enough revenues to meet their obligations.

**Recommendation:** We recommend that the City review the operations of the enterprise funds to develop options for increasing revenues for these funds.

**Current year status:** Not implemented. Both funds are still operating at a loss.

**Views of responsible officials and planned corrective actions:**

Marina and Campground Fund

Due to the large investment in capital assets, this fund reports a large depreciation expense. For the fiscal years ended September 30, 2019 and 2018, depreciation expense was approximately \$1.1 million and \$874,000 respectively. Depreciation expense will continue to cause operating losses, and it is unlikely that this fund will operate at a profit in the foreseeable future. The City would consider this fund to be operating successfully if revenues are sufficient to cover all expenses except depreciation. The change in net position, excluding depreciation expense, was \$995,215 and (\$55,971), for the years ended September 30, 2019 and 2018, respectively.

The City will continue to review other revenue sources to help defray some of the fund's expenses in the future.

Cemetery Fund

Prior to fiscal year 2009, losses were mitigated by earnings on the Henderson Endowment. All earnings on the principal balance of \$875,000 are restricted for upkeep, maintenance, and beautification of the Port Mayaca Cemetery. The City has established a permanent fund to account for the endowment principal, investment earning, and transfers to the Cemetery Fund. In recent years, the low interest rate environment has greatly reduced the investment earnings. When interest rates return to more normal levels, the investment earnings will again mitigate the operating losses of the Cemetery Fund.

Presently, to help control operating costs of the cemetery, the City has implemented a purchasing process that monitors and manages daily expenses. The City has transferred all accounting functions from the cemetery to City Hall to incorporate into the control structure of the finance department to rectify the finding. The finance department will handle all contract writing, billing, and receipt functions of the cemetery operations to be able to better monitor the activities of the cemetery in the future. Also, the City is aggressively seeking ways to increase the revenues of the cemetery, but the efforts are hampered by the fact that there is currently only one funeral home within the City of Pahokee.

The City is expecting a positive change in net position of approximately \$9,000 for the Cemetery Fund for the year ended September 30, 2019. The City reported a negative change in net position of approximately \$5,000 for the Cemetery Fund for the year ended September 30, 2018.



### **Finding 2017 – 03 – Material Weakness**

**Condition:** We noted there is inadequate communication between personnel performing the accounting function and personnel managing grants.

**Criteria:** Policies and procedures should provide reasonable assurance that the City identifies, captures, and exchanges information enabling employees to carry out their responsibilities accurately and timely.

**Effect:** Grant transactions were not always properly recorded in the accounting system requiring audit adjustments to correct the financial records.

**Recommendation:** We recommend that the City review its grant management policies and procedures and implement steps to provide appropriate exchanges of information between departments.

**Current year status:** Partially implemented. Controls over these procedures have improved, however an issue was noted for FY 2020. Additionally, see Finding 2019-002.

**Views of responsible officials and planned corrective actions:** The City concurs with the recommendation provided and will conduct monthly meetings and more oversight to ensure adequate communication between the two departments.

### **Finding 2017 – 04 – Noncompliance or other matters that are required to be reported under Government Auditing Standards**

**Condition:** We noted that the City recorded infrastructure surtax revenues and expenditures in the General Fund.

**Criteria:** In November 2016, Palm Beach County voters approved raising the sales tax from 6 percent to 7 percent. This one-cent sales tax increase went into effect on January 1, 2017 and will end on December 31, 2016 unless \$2.7 billion is collected before then. Of the total funds collected from the surtax, 50% will be provided to the Palm Beach County School District and 30% will be provided to Palm Beach County. The 39 municipalities in Palm Beach County will split the remaining 20%. The surtax funds may only be used for infrastructure projects such as roads, bridges, schools, and government buildings. The entities receiving surtax funds are required to establish Citizen Oversight Committees to oversee the infrastructure projects. Because of the restrictions on the use of the surtax, it is desirable to account for the revenues and expenditures in a separate.

**Effect:** Infrastructure surtax expenditures can't be determined from the City's financial statements.

**Recommendation:** We recommend that the City create a separate fund to account for the infrastructure surtax revenues and expenditures.

**Current year status:** Partially implemented. The City created a Capital Projects fund to record infrastructure surtax activity; however there are still some transactions recorded in the General Fund.

**Views of responsible officials and planned corrective actions:** The new fund was created and transactions were accidentally recorded in the general fund. That has since been rectified in FY20 and this finding will be eliminated for FY20.

#### **Finding 2018 – 01 – Material Weakness**

**Condition:** We noted that the City had not incorporated auditor adjustments identified in the fiscal year 2017 audit to the City’s general ledger.

**Criteria:** The City provided a trial balance for fiscal 2017 and 2018 and as we were reconciling balances to the audited financial statements, several differences were noted.

**Effect:** Entries had to be made to fund balance to reconcile the general ledger to the audited financial statements.

**Recommendation:** We recommend that the City establish policies and procedures that would have staff, before the conclusion of the audit period, review the general ledger and ensure all necessary adjustments are entered into the general ledger.

**Current year status:** Partially implemented. With assistance of an outside consultant, there were fewer adjustments to fund balance for FY 2020.

**Views of responsible officials and planned corrective actions:** The City will continue to make improvements with the review of the general ledger and with the assistance on the outside consultant, this will not be an issue going forward.

#### **Finding 2019 – 001 – Material Weakness**

**Criteria:** Adequate and complete accounting records and internal controls are required for the proper preparation of financial statements and to reduce the risk of material misstatements.

**Condition:** The City issued the City Pahokee Promissory Note, Series 2018 in the principle amount of \$605,780. The note was issued to finance the purchase and installation of an artificial turf surface on the City’s Everglades Preparatory Academy football field and to pay costs related thereto (the “Project”) and to pay costs of issuance of the Note.

**Effect:** This required a material adjustment to be recorded to the financial statements during the audit. Not recording all transactions could lead to the financial statements to be materially misstated.

**Questioned Costs:** None.

**Recommendation:** Management should increase oversight of financial records to ensure all transactions have been recorded and reduce the risk for material misstatements.

**Current year status:** Not implemented.

**Views of responsible officials and planned corrective actions:** X.

## II. State Award Findings and Questioned Costs

### **2019-002 Period of Performance – Material Noncompliance Florida Department of Economic Opportunity (DEO) Housing and Community Development – Marina Reconstruction**

**Criteria:** Per amendment number one of grant agreement SL041, pursuant to s. 216.301, Florida Statutes (F.S.) obligations the City incurs during the agreement period (July 1, 2018 to June 30, 2019) for which services, tasks, or deliverables are expected to be completed after the agreement period may be eligible for reimbursement as long as the services, tasks, or deliverables are satisfactory completed and comply with both s.2016.301, F.S. and Section 1.7, grantee payments, of the grant agreement, on or before August 31, 2019, as DEO shall determine, in DEO's sole and absolute discretion.

**Condition:** A change order from the contractor was presented to the City on August 15, 2019 for additional items and tasks needed to complete the project on time. The change order was not approved by the City Commission until September 24, 2019, which was after the August 31, 2019 obligation date in the amendment to the grant agreement. Work continued and DEO funds were used.

**Effect:** Per the grant agreement, if the City fails to have all obligations completed by August 31, 2019, the DEO has the right to make any funds used after the deadline no longer available and returned to the DEO.

**Questioned Costs:** \$125,093

**Recommendation:** Management should adopt a contingency plan to address situations where when an on-going project needs an emergency change order approval, the City Commission either holds a special meeting to approve changes or appoints someone with approval powers to ensure compliance with deadlines and not delay the project.

**Current year status:** Fully implemented.



REPORTING SECTION



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

To the Honorable Mayor and Members of the City Council  
The City of Pahokee, Florida

We have examined the City of Pahokee, Florida's compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the year ended September 30, 2020. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* 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.

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

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

*HCT Certified Public Accountants &  
Consultants, LLC*

Hollywood, Florida  
March 4, 2022

West Palm Beach  
Phone (561) 655-2664

Miami  
Phone (305) 331-8768

Hollywood  
Phone (954) 966-4435

## MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and Members of the City Council  
City of Pahokee, Florida.

### Report on the Financial Statements

We have audited the financial statements of the City of Pahokee, Florida (the “City”), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 4, 2022. The auditor’s reports on the financial statements of the Marina and Campground Enterprise Fund, the Cemetery Enterprise Fund, and business-type activities were qualified because of inadequacies in the internal controls and accounting records relating to inventories, cost of goods sold, revenues, and receivables.

### Auditor’s Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 March 4, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

The following findings were included in the audit reports for the prior two years and still apply:

- Finding 2010-1 Cemetery Fund
- Finding 2014-1 Financial Reporting
- Finding 2014-2 Timely Reporting
- Finding 2014-3 Excess of Expenditures Over Appropriations
- Finding 2014-4 Credit Cards
- Finding 2015-1 Marina and Campground Fund
- Finding 2016-1 Purchasing
- Finding 2016-2 Purchasing

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Finding 2017-1 The Marina and Campground Enterprise Fund  
 Finding-2017-3 Management inadequate communication  
 Finding-2017-4 Incorrect classifications  
 Finding 2018-1

The following findings were included in the audit report for the prior year and still apply:

Finding 2019-001  
 Finding 2019-002

The current year findings are as follow:

None

### **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. There are no component units that need to be disclosed.

### **Financial Condition and Management**

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

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

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, findings 2014-03, 2014-04, 2017-1, 2017-02, 2017-03, 2017-04 and 2018-01 addresses recommendations to the City to improve financial management.

### **Special District Component Units**

Sections 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 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

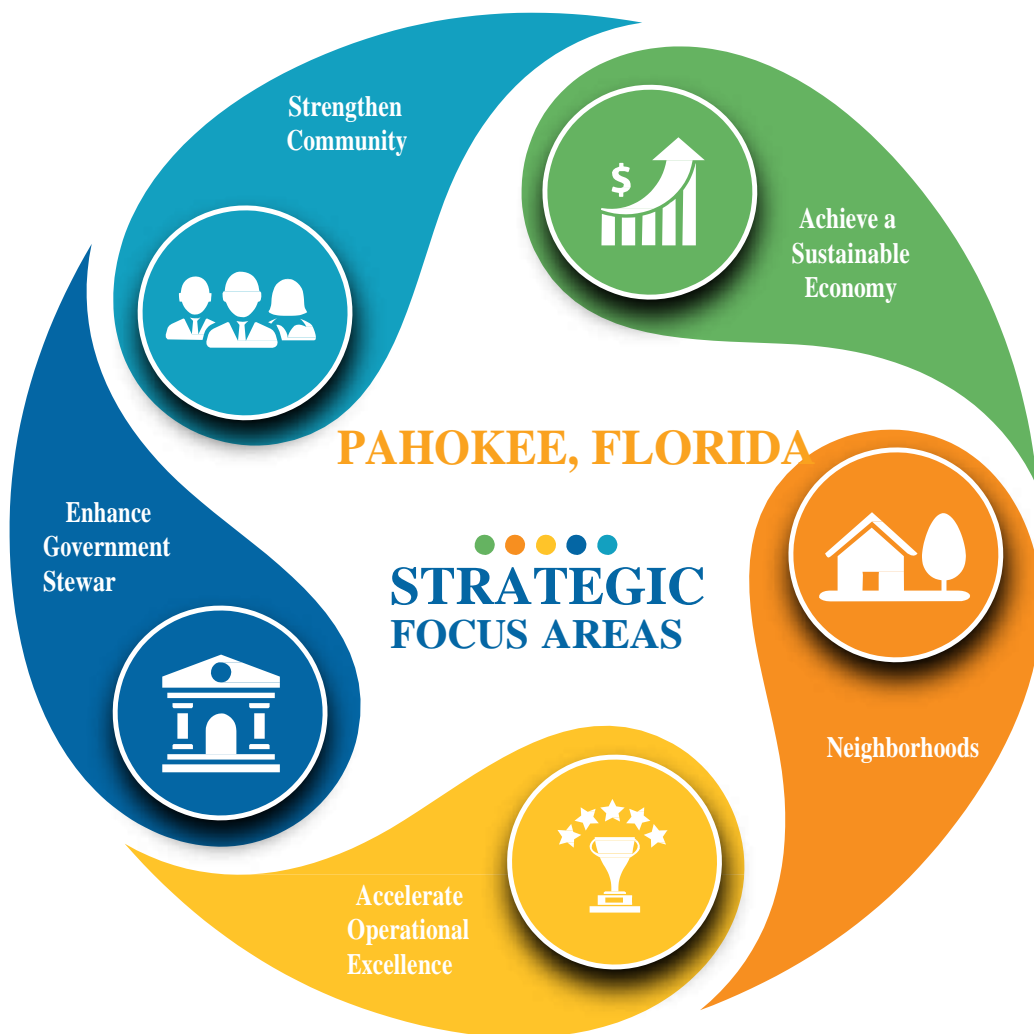
**Purpose of this Letter**

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 Mayor and City Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

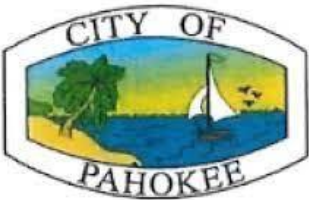
*HCT Certified Public Accountants &  
Consultants, LLC*

Hollywood, Florida  
March 4, 2022









# RESOLUTION 2022-12

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A SERVICE AGREEMENT WITH COASTAL NETWORK SOLUTIONS, LLC EXHIBIT "A"; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City Commission of the City of Pahokee ("City Commission") desires to contract with Coastal Network Solutions, LLC to provide Business Technology Consulting and unlimited remote technology service, Network Maintenance and Support/Troubleshooting Services; and

**WHEREAS**, it is necessary and proper to enter into a contractual agreement for these professional services with Coastal Network Solutions, LLC; and

**WHEREAS**, the City Commission finds that it is in the best interest of the City to enter into the needed services.

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA AS FOLLOWS:**

**Section 1.** The attached contract is authorized and approved by the City Commission of the City of Pahokee.

**Section 2.** The City Manager is hereby authorized to execute the Agreement on behalf of the City.

**PASSED and ADOPTED** this \_\_\_\_\_ day of April 2022.

\_\_\_\_\_  
Keith W. Babb, Jr., Mayor

**ATTEST:**

\_\_\_\_\_  
Tijauna Warner, City Clerk

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

\_\_\_\_\_  
Burnadette Norris-Weeks, P.A.  
City Attorney

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

VOTE:

Commissioner Boldin	_____ (Yes)	_____ (No)
Commissioner Gonzalez	_____ (Yes)	_____ (No)
Vice Mayor Murvin	_____ (Yes)	_____ (No)
Commissioner Perez	_____ (Yes)	_____ (No)
Mayor Babb	_____ (Yes)	_____ (No)

**Exhibit "A"**

**Coastal Network Solutions, LLC Agreement**

(ATTACHED)

AGREEMENT

THIS IS AN AGREEMENT, dated the \_\_\_\_ day of \_\_\_\_\_, 2022, between:

CITY OF PAHOKEE  
a Florida municipal corporation, hereinafter "CITY,"

and

COASTAL NETWORK SOLUTIONS, LLC., a for profit  
corporation, authorized to do business in the State of Florida,  
hereinafter "CONTRACTOR."

WITNESSETH:

In consideration of the mutual terms and condition, promises, covenants, and payments hereinafter set forth, CITY and CONTRACTOR agree as follows:

ARTICLE 1  
PREAMBLE

In order to establish the background, context and form of reference for this Agreement and to generally express the objectives, and intentions, of the respective parties herein, the following statements, representations and explanations shall be accepted as predicates for the undertakings and commitments included within the provisions which follow and may be relied upon by the parties as essential elements of the mutual considerations upon which this Agreement is based.

- 1.1 CITY is in immediate need of an independent contractor to perform work related to information technology support services;
- 1.2 The Interim City Manager has determined that there is an immediate need for reliable IT services;
- 1.3 The City Commission of the City of Pahokee authorizes the CITY Manager to enter into an agreement with CONTRACTOR to render services related to the scope of work set forth herein.

ARTICLE 2  
SCOPE OF WORK

- 2.1 The CONTRACTOR shall furnish all of the materials, tools, supplies, and labor necessary to perform all of the work described in this Article.

The CONTRACTOR shall provide the following services to the CITY in accordance with the terms set forth below:

- a) Support Services: Technical support to keep hardware and all network services functional, network support, and backup maintenance. Also included is repair and maintenance of all hardware, and wiring.
- b) On-site Support: a technician will be assigned to the City and on-call as needed.
- c) Out-of-Band Support: Contractor shall support issues that are outside of contract scope. This includes, but is not limited to, new equipment installation. This out-of-band support shall be billed on a Time and Materials (T&M) basis.
- d) Network Monitoring – Contractor shall provide monitoring of all critical systems including security patches, drive space, memory usage, file/folder permissions, and Virtual Private Network (VPN) usage.
- e) Service Desk – CITY shall have access to the Contractor’s web ticketing system. This will allow staff to enter a service request via the web for any IT-related issues.
- f) Site: Work shall be provided at the following locations: 207 Begonia Dr., Pahokee, FL 33476 and 360 E. Main Street, Pahokee, FL 33476.
- g) Managed Services: Services consisting of basis technical support to keep hardware and network services functional, network support and backup maintenance. Also included is repair and maintenance of all hardware and wiring.

2.2 CONTRACTOR hereby represents to CITY, with full knowledge that CITY is relying upon these representations when entering into this Agreement with CONTRACTOR, that CONTRACTOR has the professional expertise, experience and manpower to perform the services to be provided by CONTRACTOR pursuant to the terms of this Agreement.

2.3 CONTRACTOR assumes professional and technical responsibility for performance of its services to be provided hereunder in accordance with applicable recognized



professional standards. If within ten (10) days following completion of its services, such services fail to meet the aforesaid standards, and the CITY promptly advises CONTRACTOR thereof in writing, CONTRACTOR agrees to re-perform such deficient services without charge to the CITY.

2.4 None of the work or services under this contract shall be subcontracted beyond that that approved by the City in writing.

ARTICLE 3  
TIME FOR COMPLETION

3.1 The CONTRACTOR shall commence work as directed by CITY in a prompt manner and in accordance with the Scope of Work.

3.2 It is mutually agreed that time is of the essence of this Contract and should the CONTRACTOR fail to complete the work within a reasonable time and if possible within the same business day.

3.3 Anything to the contrary notwithstanding, minor adjustment to the timetable for completion approved by CITY in advance, in writing, will not constitute a delay by CONTRACTOR. Furthermore, a delay due to an Act of God, fire, lockout, strike or labor dispute, riot or civil commotion, act of public enemy or other cause beyond the control of CONTRACTOR shall extend this Agreement for a period equal to such delay and during this period such delay shall not constitute a delay by CONTRACTOR.

ARTICLE 4  
CONTRACT SUM

4.1 The CITY hereby agrees to pay CONTRACTOR for the faithful performance of this Agreement, for work completed the amount of \$3,000.00 for the provision of the Managed IT Services. Out-of-scope T&M Services shall be billed at an amount of \$100.00 per hour. There shall be no payment by CITY for out-of-pocket travel time.

4.2 CONTRACTOR shall invoice City through Electronic Mail for the Services that it has provided on a monthly basis. Invoices shall be paid within thirty (30) days. Check shall be sent to: Coastal Network Solutions, 7344 162<sup>nd</sup> Ct. N., Palm Beach Gardens, FL 33418

4.3 The CITY will make payments to CONTRACTOR for completed and proper work.

4.4 The CONTRACTOR shall guarantee all portions of the work against poor workmanship and faulty materials for a period of thirty days (30) days after final spray.

4.5 The making and acceptance of the final payment shall constitute a waiver of all claims by the CONTRACTOR other than those arising from requirements of the specifications.

4.6 CONTRACTOR is prohibited from placing a lien on the City’s property. This prohibition applies to; *inter alia*, all sub-consultants and subcontractors, suppliers and labors.

ARTICLE 5  
CONTRACTOR'S LIABILITY INSURANCE

5.1 The CONTRACTOR shall not commence work under this contract until it has obtained all insurance required under this paragraph and such insurance has been approved by the CITY nor shall the CONTRACTOR allow any Subcontractor, if applicable, to commence work on his sub-contract until all similar such insurance required of the subcontractor has been obtained and approved.

5.2 Certificates of insurance, reflecting evidence of the required insurance, shall be filed with the City prior to the commencement of the work. These Certificates shall contain a provision that coverage afforded under these policies will not be canceled until at least thirty (30) days prior written notice has been given to the CITY. Policies shall be issued by companies authorized to do business under the laws of the State of Florida.

5.3 Financial Ratings must be no less than "A" in the latest edition of "Best’s Key Rating Guide", published by A.M. Best Guide.

5.4 Insurance shall be in force until all work required to be performed under the terms of the Contract is satisfactorily completed as evidenced by the formal acceptance by the CITY. In the event the insurance certificate provided indicates that the insurance shall terminate and lapse during the period of this contract, then in that event, the CONTRACTOR shall furnish, at least thirty (30) days prior to the expiration of the date of such insurance, a renewed certificate of insurance as proof that equal and like coverage for the balance of the period of the contract and extension thereunder is in effect. The CONTRACTOR shall not continue to work pursuant to this contract unless all required insurance remains in full force and effect.

5.5 Comprehensive General Liability insurance to cover liability bodily injury and property damage. Exposures to be covered are: premises, operations, products/completed operations, and certain contracts. Coverage must be written on an occurrence basis, with the following limits of liability:

- a) Workers’ Compensation Insurance – as required by law;
- b) Employer’s Liability Insurance - \$500,000 per occurrence;

- c) Automobile Liability Insurance - \$500,000 per occurrence, \$500,000 per Accident for bodily injury and \$500,000 per accident for property damage.

5.6 The CONTRACTOR shall hold the CITY, its agents, and employees, harmless on account of claims for damages to persons, property or premises arising out of the operations to complete this Agreement and name the CITY as an additional insured under their policy.

5.7 The CITY reserves the right to require any other insurance coverage it deems necessary depending upon the exposures.

ARTICLE 6  
PROTECTION OF PROPERTY

6.1 At all times during the performance of this Contract, the CONTRACTOR shall protect the CITY's property and properties adjoining the treatment site from all damage whatsoever on account of the work being carried on pursuant to this Agreement.

ARTICLE 7  
CONTRACTOR'S INDEMNIFICATION

7.1 The CONTRACTOR agrees to release the CITY from and against any and all liability and responsibility in connection with the above mentioned matters. The CONTRACTOR further agrees not to sue or seek any money or damages from CITY in connection with the above mentioned matters.

7.2 The CONTRACTOR agrees to indemnify and hold harmless the CITY, its trustees, elected and appointed officers, agents, servants and employees, from and against any and all claims, demands, or causes of action of whatsoever kind or nature, and the resulting losses, costs, expenses, reasonable attorneys' fees, liabilities, damages, orders, judgments, or decrees, sustained by the CITY or any third party arising out of, or by reason of, or resulting from the CONTRACTOR's negligent acts, errors, or omissions.

7.3 If a court of competent jurisdiction holds the CITY liable for certain tortuous acts of its agents, officers, or employees, such liability shall be limited to the extent and limit provided in 768.28, Florida Statutes. This provision shall not be construed as a waiver of any right or defense that the CITY may possess. The CITY specifically reserves all rights as against any and all claims that may be brought.

ARTICLE 8  
INDEPENDENT CONTRACTOR

8.1 This Agreement does not create an employee/employer relationship between the parties. It is the intent of the parties that the CONTRACTOR is an independent contractor under this Agreement and not the CITY's employee for all purposes, including but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, the State Workers Compensation Act, and the State unemployment insurance law. The CONTRACTOR shall retain sole and absolute discretion in the judgment of the manner and means of carrying out the CONTRACTOR's activities and responsibilities hereunder provided. This Agreement shall not be construed as creating any joint employment relationship between the CONTRACTOR and the CITY and the CITY will not be liable for any obligation incurred by CONTRACTOR, including but not limited to unpaid minimum wages and/or overtime premiums.

ARTICLE 9  
PERFORMANCE BOND

9.1 No performance bond shall be required or this contract.

ARTICLE 10  
CHANGES TO SCOPE OF WORK AND ADDITIONAL WORK

10.1 CITY or CONTRACTOR may request changes that would increase, decrease or otherwise modify the Scope of Services/Basic Services to be provided under this Agreement as described in Article 2 of this Agreement. Such changes or additional services must be in accordance with the provisions of the Code of Ordinances of the CITY and must be contained in a written amendment, executed by the parties hereto, with the same formality and with equality and dignity prior to any deviation from the terms of this Agreement, including the initiation of any additional or extra work. Each amendment shall at a minimum include the following information on each project:

PROJECT NAME  
PROJECT DESCRIPTION  
ESTIMATED PROJECT COST  
ESTIMATED COST FOR ADDITION OR CHANGE TO PROJECT CONTRACT  
ESTIMATED PROJECT COMPLETION DATE

10.2 In no event will the CONTRACTOR be compensated for any work which has not been described in a separate written agreement executed by the parties hereto.

ARTICLE 11  
TERM AND TERMINATION

11.1 This Agreement shall take effect as of the date of execution as shown herein below and continue for a two year period. The Agreement may be extended for one additional year at the option of the City Commission.

11.2 Either Party may terminate this Agreement upon notice in writing if the other is in breach of any material obligation contained in this Agreement.

ARTICLE 12  
CONTRACT DOCUMENTS

12.1 CONTRACTOR and CITY hereby agree that the following Specification and Contract Documents, which are attached hereto and made a part thereof, are fully incorporated herein and made a part of this Agreement, as if written herein word for word: this Agreement and all Exhibits attached hereto.

ARTICLE 13  
MISCELLANEOUS

13.1 Legal Representation. It is acknowledged that each party to this Agreement had the opportunity to be represented by counsel in the preparation of this Agreement and, accordingly, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply due to the joint contribution of both parties.

13.2 Assignments. This Agreement, or any interest herein, shall not be assigned, transferred or otherwise encumbered, under any circumstances, by CONTRACTOR without the prior written consent of CITY. For purposes of this Agreement, any change of ownership of CONTRACTOR shall constitute an assignment which requires CITY approval. However, this Agreement shall run to the CITY and its successors and assigns.

13.3 Records. CONTRACTOR shall keep books and records and require any and all subcontractors to keep books and records as may be necessary in order to record complete and correct entries as to personnel hours charged to this engagement, and any expenses for which CONTRACTOR expects to be reimbursed, if applicable. Such books and records will be available at all reasonable times for examination and audit by CITY and shall be kept for a period of three (3) years after the completion of all work to be performed pursuant to this Agreement. Incomplete or incorrect entries in such books and

records will be grounds for disallowance by CITY of any fees or expenses based upon such entries.

CITY is a public agency subject to Chapter 119, Florida Statutes. To the extent CONTRACTOR is acting on behalf of CITY pursuant to Section 119.0701, Florida Statutes, CONTRACTOR shall:

- a. Keep and maintain public records that ordinarily and necessarily would be required to be kept and maintained by CITY were CITY performing the services under this agreement;
- b. Provide the public with access to such public records on the same terms and conditions that the City would provide the records and at a cost that does not exceed that provided in Chapter 119, Florida Statutes, or as otherwise provided by law;
- c. Ensure that public records that are exempt or that are confidential and exempt from public record requirements are not disclosed except as authorized by law; and;
- d. Meet all requirements for retaining public records and transfer to CITY, at no cost, all public records in possession of the CONTRACTOR upon termination of this Agreement and destroy any duplicate public records that are exempt or confidential and exempt. All records stored electronically must be provided to the CITY.

13.4 Ownership of Documents. Reports, surveys, plans, studies and other data provided in connection with this Agreement are and shall remain the property of CITY.

13.5 No Contingent Fees. CONTRACTOR warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the CONTRACTOR, to solicit or secure this Agreement, and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for CONTRACTOR, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. For the breach or violation of this provision, the CITY shall have the right to terminate the Agreement without liability at its discretion, to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration.

13.6 Notice. Whenever any party desires to give notice unto any other party, it must be given by written notice, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended and the remaining party, at the

places last specified, and the places for giving of notice shall remain such until they shall have been changed by written notice in compliance with the provisions of this section. For the present, the CONTRACTOR and the CITY designate the following as the respective places for giving of notice:

- CITY:

Rodney Lucas. Interim City Manager  
207 Begonia Drive  
Pahokee, FL 33476
- Copy To:

Burnadette Norris-Weeks, City Attorney  
Burnadette Norris-Weeks, P.A.  
401 North Avenue of the Arts  
Fort Lauderdale, Florida 33311
- CONTRACTOR:

Mark Liskay, Manager  
Coastal Network Solutions, LLC  
7344 162<sup>nd</sup> Court North  
Palm Beach Gardens, FL 33418

13.7 Binding Authority. Each person signing this Agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this Agreement.

13.8 Exhibits. Each Exhibit referred to in this Agreement forms an essential part of this Agreement. The exhibits, if not physically attached, should be treated as part of this Agreement and are incorporated herein by reference.

13.9 Headings. Headings herein are for convenience of reference only and shall not be considered on any interpretation of this Agreement.

13.10 Severability. If any provision of this Agreement or application thereof to any person or situation shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, and the application of such provisions to persons or situations other than those as to which it shall have been held invalid or unenforceable shall not be affected thereby, and shall continue in full force and effect, and be enforced to the fullest extent permitted by law.

13.11 Governing Law. This Agreement shall be governed by the laws of the State of Florida with venue lying in Palm Beach, County, Florida.

13.12 Disputes. Any claim, objection, or dispute arising out of the terms of this Agreement shall be litigated in the Fifteenth Judicial Circuit Court in and for Palm Beach

County.

13.13 Attorney's Fees. To the extent authorized by law, in the event that either party brings suit for enforcement of this Agreement, the prevailing party shall be entitled to attorney's fees and court costs in addition to any other remedy afforded by law.

13.14 Intellectual Property Rights. The CONTRACTOR agrees to grant to the CITY a non-exclusive, irrevocable, royalty free license to use, copy and modify any elements of the Material not specifically created for the CITY as part of the Services. In respect of the Material specifically created for the CITY as part of the Services, the CONTRACTOR assigns the full title guarantee to the Buyer and any all of the copyright, other intellectual property rights and any other data or material used or subsisting in the Material whether finished or unfinished. If any third party intellectual property rights are used in the Material the CONTRACTOR shall ensure that it has secured all necessary consents and approvals to use such third party intellectual property rights for the CONTRACTOR and the CITY. For the purposes of this Clause 2.1, "Material" shall mean the materials, in whatever form, used by the CONTRACTOR to provide the Services, as determined by CITY and the products, systems, programs or processes, in whatever form, produced by the CONTRACTOR pursuant to this Agreement

13.14 Extent of Agreement. This Agreement together with Contract Documents, attached as an Exhibit hereto, as amended herein above represents the entire and integrated agreement between the CITY and the CONTRACTOR and supersedes all prior negotiations, representations or agreements, either written or oral.

13.15 Waiver. Failure of the CITY to insist upon strict performance of any provision or condition of this Agreement, or to execute any right therein contained, shall not be construed as a waiver or relinquishment for the future of any such provision, condition, or right, but the same shall remain in full force and effect.

13.16 E-Verify. In accordance with Florida Statutes §448.095, the Contractor, prior to commencement of services or payment by the City, will provide to the City proof of participation/enrollment in the E-Verify system of the Department of Homeland Security. Evidence of participation/enrollment will be a printout of the Company's "Company Profile" page from the E-verify system. Failure to be continually enrolled and participating in the E-Verify program will be a breach of contract which will be grounds for immediate termination of the contract by the City. The Contractor will not hire any employee who has not been vetted through E-Verify. The Contractor may not subcontract any work for the City to any subcontractor that has not provided an affidavit stating that the subcontractor does not employ, contract with or subcontract with an unauthorized alien.



IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.

Attested

City of Pahokee

BY: \_\_\_\_\_  
Tijuana Warner, City Clerk

BY: \_\_\_\_\_  
Rodney Lucas, Interim City Manager

APPROVED AS TO FORM

\_\_\_\_\_  
Burnadette Norris-Week, P.A.  
City Attorney

CONTRACTOR

WITNESSES:

\_\_\_\_\_  
  
\_\_\_\_\_

BY: \_\_\_\_\_  
Mark Liskay, Manager  
Coastal Network Solutions, LLC

ATTEST:

SECRETARY

STATE OF FLORIDA)

) SS:

COUNTY OF PALM BEACH)

BEFORE ME, an officer duly authorized by law to administer oaths and take acknowledgments, personally appeared \_\_\_\_\_ as \_\_\_\_\_, of \_\_\_\_\_, a Florida corporation, and acknowledged executed the foregoing Agreement as the proper official of \_\_\_\_\_, for the use and purposes mentioned in it and affixed the official seal of the corporation, and that the instrument is the act and deed of that corporation.

IN WITNESS OF THE FOREGOING, I have set my hand and official seal at in the State and County aforesaid on this \_\_ day of \_\_\_\_\_, 2022.

---

NOTARY PUBLIC

My Commission Expires:

City \_\_\_\_\_ Contractor \_\_\_\_\_

**RESOLUTION 2022-13**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A SERVICE AGREEMENT WITH IMAGINE THAT PERFORMANCE, LLC EXHIBIT "A"; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS,** the City of Pahokee desires to hire Imagine That Performance, LLC to perform executive-level functions and fulfill the duties and responsibilities of the Finance Director and Human Resources Director.

**WHEREAS,** it is now necessary and proper to enter into a contractual agreement with Imagine That Performance, LLC for services.

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA AS FOLLOWS:**

**Section 1.** The attached contract is authorized and approved.

**Section 2.** The City Manager is hereby authorized to sign the contract on behalf of the City.

**PASSED and ADOPTED** this \_\_\_\_\_ day of April 2022.

\_\_\_\_\_  
Keith W. Babb, Jr., Mayor

**ATTEST:**

\_\_\_\_\_  
Tijauna Warner, City Clerk

**(INTENTIONALLY LEFT BLANK)**

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:

\_\_\_\_\_  
Burnadette Norris-Weeks, P.A.  
City Attorney

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

VOTE:

Commissioner Boldin	_____ (Yes)	_____ (No)
Commissioner Gonzalez	_____ (Yes)	_____ (No)
Vice Mayor Murvin	_____ (Yes)	_____ (No)
Commissioner Perez	_____ (Yes)	_____ (No)
Mayor Babb	_____ (Yes)	_____ (No)

**Exhibit "A"**

**Imagine That Performance, LLC Agreement**

(ATTACHED)

**AGREEMENT FOR FINANCE AND HUMAN RESOURCES DIRECTOR**

THIS IS AN AGREEMENT, dated the \_\_\_\_ day of \_\_\_\_\_, 2022, between:

THE CITY OF PAHOKEE, a Florida municipal corporation,  
hereinafter "CITY"

and

IMAGINE THAT PERFORMANCE, LLC,  
a Florida Limited Liability Company, hereinafter  
CONTRACTOR."

**WITNESSETH:**

In consideration of the mutual terms and conditions, promises, covenants, and payments hereinafter set forth, CITY and CONTRACTOR agree as follows:

**ARTICLE 1**  
**PREAMBLE**

In order to establish the background, context and form of reference for this Agreement and to generally express the objectives, and intentions, of the respective parties herein, the following statements, representations and explanations shall be accepted as predicates for the undertakings and commitments included within the provisions which follow and may be relied upon by the parties as essential elements of the mutual considerations upon which this Agreement is based.

- 1.1 CITY is in need of a CONTRACTOR to provide the services for the function and responsibilities of a Finance Director and Human Resources Director.
- 1.2 Consistent with Section 2-272(5) of the City of Pahokee’s Code of Ordinances, the CITY considers these services to be “Professional Services that may be excluded from bid requirements of the City’s Code of Ordinances as CITY is seeking immediate services from a professional company with the knowledge and ability to perform the services sought.
- 1.3 At its meeting of April 26, 2022 the CITY selected CONTRACTOR to perform the consulting services needed for a Finance Director and a Human Resources Director.

**ARTICLE 2**  
**SCOPE OF WORK**

- 2.1 CONTRACTOR shall furnish all of the materials, tools, supplies, and labor necessary to perform all of the work necessary for described as set forth in the City’s

Charter, Code of Ordinances and Job Descriptions, as attached hereto as Composite Exhibit "A".

2.2 CONTRACTOR shall abide by all specifications outlined in Composite Exhibit "A".

2.3 CONTRACTOR hereby represents to CITY, with full knowledge that CITY is relying upon these representations when entering into this Agreement with CONTRACTOR, and that CONTRACTOR has the professional expertise, experience and manpower to perform the services to be provided by CONTRACTOR as set forth in CONTRACTOR's response to RFQ.

2.3 CONTRACTOR assumes professional and technical responsibility for performance of its services to be provided hereunder in accordance with applicable recognized professional standards and relevant Florida Statutes.

2.4 CONTRACTOR intends to offer Lynne Ladner for the performance of work pursuant to this Agreement.

### ARTICLE 3 COMMENCEMENT OF SERVICES

3.1 The CONTRACTOR shall commence work on May 2, 2022 which shall be the effective date and the Agreement shall be effective until October 28, 2022.

### ARTICLE 4 CONTRACT SUM

4.1 The CITY hereby agrees to pay CONTRACTOR for the faithful performance of this Agreement, for work completed as specified by Composite Exhibit "A". The payment for services shall be paid ever two (2) weeks (\$59.50/hour equivalent) at \$4,760.00 for services related to a Finance Director and Human Resources Director.

4.2 CONTRACTOR shall be solely responsible for and shall provide for the payment of workers compensation insurance coverage and premium, and all other insurance pursuant to Article 5 below, withholding taxes, FICA, pension and profit sharing contributions, retirement contributions, if any, all remunerations; all labor contract compliance, and all other charges, fees, permits and expenses associated with the employment of such personnel provided by CONTRACTOR hereunder. CITY shall bear no responsibility for any such charge, fees, permits or expenses associated with the employment of such personnel by CONTRACTOR.

4.3 Payment to CONTRACTOR for all tasks and charges under this Agreement shall be based on the following conditions:

- A. Disbursements. There are no reimbursable expenses associated with this Agreement.
- B. Payment Schedule. Invoices received from CONTRACTOR pursuant to this Agreement will be reviewed by the City Manager.
- C. Availability of Funds. CITY's performance and obligation to pay under this Agreement is contingent upon an annual appropriation from the CITY.
- D. Final Invoice. In order for both parties herein to close their books and records, the CONTRACTOR will clearly state "final invoice" on the CONTRACTOR's final bill to the CITY.

4.4 The making and acceptance of the final payment shall constitute a waiver of all claims by the CITY other than those arising from unsettled liens, or from requirements of the specifications. It shall also constitute a waiver of all claims by the CONTRACTOR, except those previously made and still unsettled.

#### ARTICLE 5 CONTRACTOR'S LIABILITY INSURANCE

5.1 The CONTRACTOR shall not commence work under this contract until it has obtained all insurance required under this paragraph and such insurance has been approved by the CITY nor shall the CONTRACTOR allow any Subcontractor to commence work on his sub-contract until all similar such insurance required of the subcontractor has been obtained and approved.

5.2 Certificates of insurance, reflecting evidence of the required insurance, shall be filed with the CITY prior to the commencement of the work. These Certificates shall contain a provision that coverage afforded under these policies will not be canceled until at least thirty days (30) prior written notice has been given to the CITY. Policies shall be issued by companies authorized to do business under the laws of the State of Florida.

5.3 Financial Ratings must be no less than "A" in the latest edition of "Bests Key Rating Guide", published by A.M. Best Guide.

5.4 Insurance shall be in force until all work required to be performed under the terms of the Contract is satisfactorily completed as evidenced by the formal acceptance by the CITY. In the event the insurance certificate provided indicates that the insurance shall terminate and lapse during the period of this contract, then in that event, the CONTRACTOR shall furnish, at least thirty (30) days prior to the expiration of the date of such insurance, a renewed certificate of insurance as proof that equal and like coverage for the balance of the period of the contract and extension thereunder is in effect. The CONTRACTOR shall not continue to work pursuant to this contract unless all required



insurance remains in full force and effect.

5.5 Comprehensive General Liability insurance to cover bodily injury liability and property damage liability with minimum limits of One Million Dollars (\$1,000,000.00) per occurrences. Exposures to be covered are:

- Premises and Operation
- Products/Completed Operations
- Broad Form Property Damages
- Broad Form Contractual Coverage applicable to this specific Agreement, including any hold harmless and/or indemnification agreement.
- Personal Injury Coverage with Employee and Contractual Exclusions removed, with minim limits of coverage equal to those required for Bodily Injury Liability and Property Damage Liability.

Business Automobile Liability with minimum limits of One Million Dollars (\$1,000,000.00) per occurrence combined single limit for Bodily Injury Liability and Property Damage Liability. Coverage must be afforded on a form no more restrictive than the latest edition of the Business Automobile Liability policy, without restrictive endorsements, and must include:

- Owned vehicles
- Hired and Non-Owned Vehicles
- Employers’ Non-Ownership.

5.6 The CONTRACTOR shall hold the CITY, the City of Pahokee their agents, and employees, harmless on account of claims for damages to persons, property or premises arising out of the operations to complete this Agreement and name the CITY as an additional insured under their policy.

5.7 The CITY reserves the right to require any other insurance coverage it deems necessary depending upon the exposures.

ARTICLE 6  
PROTECTION OF PROPERTY

6.1 At all times during the performance of this Contract, the CONTRACTOR shall protect the CITY's property and properties adjoining the Project site from all damage whatsoever on account of the work being carried on pursuant to this Agreement.

ARTICLE 7  
CONTRACTOR'S INDEMNIFICATION

7.1 The CONTRACTOR agrees to release the CITY from and against any and all liability and responsibility in connection with the above mentioned matters. The CONTRACTOR further agrees not to sue or seek any money or damages from CITY in connection with the above mentioned matters, except in the event that the CITY fails to

pay to CONTRACTOR the fees and costs as provided for in Article 4 herein.

7.2 The CONTRACTOR agrees to indemnify and hold harmless the CITY, its trustees, elected and appointed officers, agents, servants and employees, from and against any and all claims, demands, or causes of action of whatsoever kind or nature, and the resulting losses, costs, expenses, reasonable attorneys' fees, liabilities, damages, orders, judgments, or decrees, sustained by the CITY or any third party arising out of, or by reason of, or resulting from the CONTRACTOR's negligent acts, errors, or omissions.

7.3 If a court of competent jurisdiction holds the CITY liable for certain tortuous acts of its agents, officers, or employees, such liability shall be limited to the extent and limit provided in 768.28, Florida Statutes. This provision shall not be construed as a waiver of any right or defense that the CITY may possess. The CITY specifically reserves all rights as against any and all claims that may be brought.

ARTICLE 8

INDEPENDENT CONTRACTOR

8.1 This Agreement does not create an employee/employer relationship between the parties. It is the intent of the parties that the CONTRACTOR is an independent contractor under this Agreement and not the CITY's employee for all purposes, including but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, the State Workers Compensation Act, and the State unemployment insurance law. The CONTRACTOR shall retain sole and absolute discretion in the judgment of the manner and means of carrying out the CONTRACTOR's activities and responsibilities hereunder provided. This Agreement shall not be construed as creating any joint employment relationship between the CONTRACTOR and the CITY and the CITY will not be liable for any obligation incurred by CONTRACTOR, including but not limited to unpaid minimum wages and/or overtime premiums.

ARTICLE 9

CONTRACT BOND

9.1 The bond requirements for this Agreement shall be as follows:

NOT APPLICABLE

ARTICLE 10  
CHANGES TO SCOPE OF WORK AND ADDITIONAL WORK

10.1 CITY or CONTRACTOR may request changes that would increase, decrease or otherwise modify the Scope of Services/Basic Services to be provided under this Agreement as described in Article 2 of this Agreement. Such changes or additional services must be in accordance with a written amendment, executed by the parties hereto, with the same formality and with equality and dignity prior to any deviation from the terms of this Agreement, including the initiation of any additional or extra work. Each amendment shall at a minimum include the following information on each project:

PROJECT NAME  
PROJECT DESCRIPTION  
ESTIMATED PROJECT COST  
ESTIMATED COST FOR ADDITION OR CHANGE TO PROJECT CONTRACT  
ESTIMATED PROJECT COMPLETION DATE

10.2 In no event will the CONTRACTOR be compensated for any work which has not been described in a separate written agreement executed by the parties hereto.

ARTICLE 11  
TERM AND TERMINATION

11.1 This Agreement shall commence upon the effective date stated in a Notice to Proceed issued by the CITY Manager or his designee, and shall remain in effect for until October 28, 2022.

11.2 This Agreement may be terminated by either party for cause, or the CITY for convenience, upon thirty (30) days written notice by the CITY to CONTRACTOR in which event the CONTRACTOR shall be paid its compensation for services performed to termination date. In the event that the CONTRACTOR abandons this Agreement or causes it to be terminated, he shall indemnify the CITY against any loss pertaining to this termination up to a maximum of the full contracted fee amount. All finished or unfinished documents, data, studies, plans, surveys, and reports prepared by CONTRACTOR shall become the property of CITY and shall be delivered by CONTRACTOR to CITY.

ARTICLE 12  
CONTRACT DOCUMENTS

12.1 CONTRACTOR and CITY hereby agree that the following Specification and Contract Documents, which are attached hereto and made a part thereof, are fully incorporated herein and made a part of this Agreement, as if written herein word for word: Composite Exhibit "A".

ARTICLE 13  
MISCELLANEOUS

13.1 Legal Representation. It is acknowledged that each party to this Agreement had the opportunity to be represented by counsel in the preparation of this Agreement and, accordingly, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply due to the joint contribution of both parties.

13.2 Assignments. This Agreement, or any interest herein, shall not be assigned, transferred or otherwise encumbered, under any circumstances, by CONTRACTOR without the prior written consent of CITY. For purposes of this Agreement, any change of ownership of CONTRACTOR shall constitute an assignment which requires CITY approval. However, this Agreement shall run to the CITY and its successors and assigns.

13.3 Records. CONTRACTOR shall keep books and records and require any and all subcontractors to keep books and records as may be necessary in order to record complete and correct entries as to personnel hours charged to this engagement, and any expenses for which CONTRACTOR expects to be reimbursed, if applicable. Such books and records will be available at all reasonable times for examination and audit by CITY and shall be kept for a period of three (3) years after the completion of all work to be performed pursuant to this Agreement. Incomplete or incorrect entries in such books and records will be grounds for disallowance by CITY of any fees or expenses based upon such entries.

CITY is a public agency subject to Chapter 119, Florida Statutes. To the extent CONTRACTOR is acting on behalf of CITY pursuant to Section 119.0701, Florida Statutes, CONTRACTOR shall:

- a. Keep and maintain public records that ordinarily and necessarily would be required to be kept and maintained by CITY were CITY performing the services under this agreement;
- b. Provide the public with access to such public records on the same terms and conditions that the County would provide the records and at a cost that does not exceed that provided in Chapter 119, Florida Statutes, or as otherwise provided by law;
- c. Ensure that public records that are exempt or that are confidential and exempt from public record requirements are not disclosed except as authorized by law; and
- d. Meet all requirements for retaining public records and transfer to CITY, at no cost, all public records in possession of the CONTRACTOR upon termination of this Agreement and destroy any duplicate public records that are exempt or confidential and exempt. All records stored electronically must be provided to

the CITY.

13.4 Ownership of Documents. Reports, surveys, plans, financial documents, studies and other data provided in connection with this Agreement are and shall remain the property of CITY.

13.5 No Contingent Fees. CONTRACTOR warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the CONTRACTOR, to solicit or secure this Agreement, and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for CONTRACTOR, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. For the breach or violation of this provision, the CITY shall have the right to terminate the Agreement without liability at its discretion, to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration.

13.6 Notice. Whenever any party desires to give notice unto any other party, it must be given by written notice, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended and the remaining party, at the places last specified, and the places for giving of notice shall remain such until they shall have been changed by written notice in compliance with the provisions of this section. For the present, the CONTRACTOR and the CITY designate the following as the respective places for giving of notice:

- CITY:

Rodney Lucas, Interim City Manager  
City of Pahokee  
207 Begonia Drive  
Pahokee, FL 33476
- Copy To:

Burnadette Norris-Weeks, City Attorney  
Burnadette Norris-Weeks, P.A.  
401 North Avenue of the Arts  
Fort Lauderdale, Florida 33311
- Contractor:

Robert Duncan  
IMAGINE THAT PERFORMANCE, LLC  
18133 PORTSIDE STREET  
TAMPA, FL 33647

13.7 Binding Authority. Each person signing this Agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this Agreement.

13.8 Exhibits. Each Exhibit referred to in this Agreement forms an essential part of this Agreement. The exhibits if not physically attached should be treated as part of this Agreement and are incorporated herein by reference.

13.9 Headings. Headings herein are for convenience of reference only and shall not be considered on any interpretation of this Agreement.

13.10 Severability. If any provision of this Agreement or application thereof to any person or situation shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, and the application of such provisions to persons or situations other than those as to which it shall have been held invalid or unenforceable shall not be affected thereby, and shall continue in full force and effect, and be enforced to the fullest extent permitted by law.

13.11 Governing Law. This Agreement shall be governed by the laws of the State of Florida with venue lying in Palm Beach County, Florida.

13.12 Disputes. Any claim, objection, or dispute arising out of the terms of this Agreement shall be litigated in the Fifteenth Judicial Circuit Court in and for Palm Beach County.

13.13 Attorney's Fees. To the extent authorized by law, in the event that either party brings suit for enforcement of this Agreement, the prevailing party shall be entitled to attorney's fees and court costs in addition to any other remedy afforded by law.

13.14 Extent of Agreement. This Agreement together with Contract Documents, attached as an Exhibit hereto, as amended herein above represents the entire and integrated agreement between the CITY and the CONTRACTOR and supersedes all prior negotiations, representations or agreements, either written or oral.

13.15 Waiver. Failure of the CITY to insist upon strict performance of any provision or condition of this Agreement, or to execute any right therein contained, shall not be construed as a waiver or relinquishment for the future of any such provision, condition, or right, but the same shall remain in full force and effect.

13.16 E-Verify. In accordance with Florida Statutes §448.095, the Contractor, prior to commencement of services or payment by the City, will provide to the City proof of participation/enrollment in the E-Verify system of the Department of Homeland Security. Evidence of participation/enrollment will be a printout of the Company's "Company Profile" page from the E-verify system. Failure to be continually enrolled and participating in the E-Verify program will be a breach of contract which will be grounds for immediate termination of the contract by the City. The Contractor will not hire any employee who has not been vetted through E-Verify. The Contractor may not subcontract any work for the City to any subcontractor that has not provided an affidavit stating that the subcontractor does not employ, contract with or subcontract with an unauthorized alien.

IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.

City of Pahokee

BY: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Tijauna Warner, City Clerk

**APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:**

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

\_\_\_\_\_  
Burnadette Norris-Weeks, P.A., City Attorney

CONTRACTOR

WITNESSES:

\_\_\_\_\_

BY: \_\_\_\_\_  
Robert Duncan  
IMAGINE THAT PERFORMANCE,  
LLC  
18133 PORTSIDE STREET  
TAMPA, FL 33647

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
SECRETARY

STATE OF FLORIDA        )  
  SS:  
COUNTY OF PALM BEACH)

BEFORE ME, an officer duly authorized by law to administer oaths and take acknowledgments, personally appeared \_\_\_\_\_ as \_\_\_\_\_, of \_\_\_\_\_ a Florida corporation, and acknowledged executed the foregoing Agreement as the proper official of \_\_\_\_\_, for the use and purposes mentioned in it and affixed the official seal of the corporation, and that the instrument is the act and deed of that corporation.

IN WITNESS OF THE FOREGOING, I have set my hand and official seal at in the State and County aforesaid on this \_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:



COMPOSITE EXHIBIT "A"  
JOB DESCRIPTIONS

# Executive Placement

## Interim Finance Director

and

## Interim Human Resources Director



Proposal for Interim Finance Director and Interim Human Resources Director

Prepared for: Rodney Lucas, Interim City Manager

Date: April 18, 2022





April 18, 2022

Interim City Manager

City of Pahokee

207 Begonia Drive

Pahokee, FL 33476

**Subject: Proposal for Interim Finance Director and Interim Human Resources Director**

Mr. Lucas,

First, I would like to congratulate you for once again being appointed the Interim City Manager for City of Pahokee on April 12, 2022.

As you know, transitioning into the Interim City Manager position from the outside is a complex undertaking. As you navigate the opportunities and obstacles, we would like to offer our support and services.

Imagine That Performance has provided transition services to local governments in Florida, including the City of Temple Terrace and the Town of Kenneth City. In both local governments we leveraged our experienced staff for both project level work as well as full time executive positions. Additionally, we have assisted City and County Governments in Florida with a wide range of consulting services including professional facilitation, continuous improvement program identification and leadership as well as owners' representative services.

Based on our previous discussion, here is a proposal to address a specific need you have identified – an executive that can handle the combined role of Finance Director and Human Resources Director.

If you have questions on this proposal, feel free to contact me at your convenience by email at [rob@imaginethatperformance.com](mailto:rob@imaginethatperformance.com) or by phone at (813) 699-9614.

Thank you for your consideration,

Robert Duncan

Managing Director



## Understanding the Current Challenge

The City of Pahokee has lacked stability in the City Manager role since the departure of Chandler Williamson. This creates significant uncertainty within the organization, particularly in the executive ranks, with the appointment of yet another Interim City Manager. There could be some resistance from staff which will need to be understood, managed and dealt with.

The newly appointed Interim City Manager will need partners within the organization. Staff that will have the professional knowledge and experience to help address any challenges, perceived or real, in order to help move the city forward. Significant short- and long-term benefits can be achieved with the Interim City Manager cultivating a cohesive leadership team, with the right people and the right dialog between them.

Bringing in professional resources does have a cost, so finding opportunities to receive maximum value to the City of Pahokee is needed in order to ensure proper financial stewardship.

## Proposed Solution

Imagine That Performance is proposing to provide the city with a single resource to function in the dual role of Interim Finance Director and Interim Human Resources Director. This role will report directly to the Interim City Manager.

An Interim Department Head is most successful when having characteristics that embody flexibility, understanding and trustworthiness. This leader will need to earn trust and respect for both internal and external stakeholders. Along with these characteristics, there must be a professional skill set that exists for a leader to be dropped into any management situation and thrive. This describes Lynne Ladner, who has significant budget and human resources experience leading organizations.

Lynne will serve as the Interim Finance Director with responsibilities defined in the City Charter as well as in a written job description and oral/written communication with the City Manager / Interim City Manager. In cases of conflict, the Interim Finance Director will discuss directly with the City Manager / Interim City Manager but in no case will she ever violate the City Charter. Lynne will also serve as the Interim Human Resources Director with responsibilities defined in the job description and oral/written communication with the City Manager / Interim City Manager.

For these services, Imagine That Performance will serve as an Independent Contractor, with Lynne serving as the contractually assigned resource, so the city will not need to hire her as an employee. During this assignment, the city will have NO OBLIGATION for payroll taxes, retirement contributions, life & health insurance, car allowance, professional development/certification costs, or association dues, etc.

## Pricing

The city will only be obligated to pay for the Interim Finance Director and Human Resources Director as the subcontractor rate of \$4,760 every two (2) weeks. There will be no additional costs to the city.



## Additional Offerings

The following includes a few additional items that will be available to the City of Pahokee if the need arises. The city is not required to utilize any of these services.

### Individual Executive Assessments:

Evaluation of the individual leaders and their respective teams. Identify the role each plays within the organization, their trust level of the organization, their self-evaluations as well as their supervisor and direct report evaluations. Where possible, a full 360-degree view shall be provided to the leader in an effort to enhance and/or change behaviors to better serve the mission and vision of the City. Insights may be gained which also assist individuals with growth within their personal lives as well as their professional lives.

- Self-evaluations occur using a proprietary Imagine That Performance questionnaire to offer individuals insight to their performance outcomes.
- Compare and contrast the outcomes of self-evaluations vs 360-degree feedback; conversations with each individual occur with this information, providing the opportunity for self-awareness to build.
- Consultant to inquire and promote the “Why’s” each individual owns.
- Considerations on the collective performance of the leadership team offered during Executive Coaching sessions, with an emphasis on creating interdependence and a high-performance team.

### Executive Coaching:

One to one dialog with executives designed to maximize their professional potential. The executive coach provides a safe, structured, and trustworthy environment in which to offer support for the individual.

- Help the executive understand their current competencies using *CliftonStrengths for Managers* as a tool/resource (<https://store.gallup.com/c/en-us/assessments>).
- Help the executive understand how they are perceived by others.
- Identify and clarify goals as well as the appropriate action steps needed to reach those goals.





## Leadership Team Evaluation:

Evaluation of the leadership team as a unit. The focus will be on the current health of the leadership team and the opportunities to strengthen the team.

- City will participate in establishing a roster of the Leadership Team.
- All team members will take **Online Team Assessment** from The Table Group (<https://www.tablegroup.com/product/online-team-assessment/>).
- Facilitation of executive session(s) to review Key Takeaways from assessment and chart a path forward for improved team performance.
- Review of implemented steps to check progress.



## Additional Consulting:

Consulting Services are available for an hourly rate for any ongoing need the city deems appropriate.

## Pricing

The services are offered a la cart based on the pricing established below.

Service Offering	Cost
Individual Executive Assessment(s) – for each executive <ul style="list-style-type: none"> <li>Self-evaluation</li> <li>Manager evaluation</li> <li>Subordinate evaluations (\$75 each – 5 included)</li> <li>Compare / Contrast &amp; Report</li> </ul>	\$ 1,250
Coaching – for each executive <ul style="list-style-type: none"> <li>CliftonStrengths for Managers Assessment</li> <li>One-to-one coaching sessions (1-hour sessions – 4 included)</li> <li>Documented Action Steps</li> </ul>	\$ 750
Leadership Team Evaluation – based on 8-member team <ul style="list-style-type: none"> <li>Online Team Assessment from The Table Group (8 included)</li> <li>Facilitation of executive session to review Key Takeaways from assessment and chart a path forward for improved team performance</li> </ul>	\$ 3,250

### Hourly Rate Schedule

Managing Director	\$ 175.00 per hour
Senior Consultant	\$ 150.00 per hour
Staff Consultant / Leadership Relations	\$ 95.00 per hour
Support Staff / Organizational Development Coordinator	\$ 60.00 per hour
Out of Pocket Expenses	As Accumulated



## About Imagine That Performance:

Imagine That Performance champions a higher purpose in local government. Our mission is to assist local government leaders implement evolving leadership techniques so that they can best serve their employees and citizens. As a service provider for municipalities, we offer various local government consulting services. We also host professionally facilitated Virtual Think Tanks for City Managers and County Administrators – giving the Chief Administrative Officers a platform to continue to “Sharpen the Saw” (borrowed from Steven Covey’s 7 Habits of Highly Effective People).

A new company for a new time, Imagine That Performance, LLC was formed in July of 2020 and has already conducted over 50 Think Tank sessions, currently consisting of 5 groups that meet once a month. We have also provided direct executive level consulting services to Florida municipalities including Pinellas County, City of Clearwater and City of Deerfield Beach.

Imagine That Performance, LLC provides executive level consulting services to local governments and professionally facilitated Think Tanks to City Managers and County Administrators. Our experts leverage best practices and have a continuous improvement leadership mindset, always looking for new ideas to increase performance. Established in July 2020 during the beginning of the pandemic, the company already counts the following municipalities among its more than 50 customers:



## References

### Interim Town Management Services – Town of Kenneth City

- Mayor Robert J. Howell – howellr@kennethcityfl.org – (727) 498-8948
- Town Manager – Pete Cavalli – cavallip@kennethcityfl.org – (813) 420-5891

### Consulting Clients

- City of Deerfield Beach – City Manager David Santucci – (954) 480-4261
- City of Clearwater – Assistant City Manager Micah Maxwell – (727) 562-4040
- Pinellas County – Joseph Lauro – Director, Department of Administrative Services – (727) 464-4710



## LYNNE LADNER

### Senior Consultant

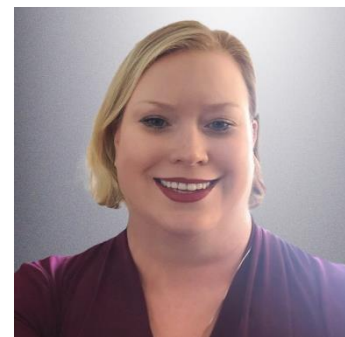
With more than 15 years of local government experience, Lynne has dedicated her career to serving the public as an appointed local government official. Most recently serving as the Interim Town Manager for Kenneth City, Florida, she has municipal management experience in three states (Kansas, Michigan, and Florida) including small, suburban, and coastal/lakefront tourism destinations.

Lynne's public sector expertise includes obtaining private, state and federal grant awards to support community projects for economic development, water/wastewater infrastructure, new parks and recreation facility, and the construction of community facilities including childcare. Her human capital management expertise includes collective bargaining and labor relations with police, fire, public works and clerical unions, conflict management, personnel recruitment and hiring, performance management and succession planning. Lynne has prepared and implemented annual and capital improvement budgets in excess of \$32 Million while increasing reserves, reducing taxes and enhancing customer engagement through online and alternative customer access locations.

Lynne supervised the implementation of various IT projects including complete website redevelopment, the implementation of new finance, building, human resources and utility billing software and the development and rollout of remote work capabilities related to the COVID pandemic for all employees.

While serving in these communities she has also served as a member of the Merit Network Broadband Advisory Board, the Michigan Public Power Authority Board of Directors, and Chair of the Michigan Municipal Risk Management State Pool Committee. Lynne is also actively involved in her professional organizations including International City/County Managers Association (ICMA), Michigan Municipal Executives (MME) and the Society for Human Resources Management (SHRM).

Lynne has a Master's in Public Administration and Bachelors of Science in Political Science both from Grand Valley State University. She is a Credentialed Manager through ICMA and a Senior Certified Professional through the Society for Human Resources Management. Lynne graduated from the ICMA Leadership program in 2014 and the University of Virginia Senior Executive Institute in 2013



### Education

#### *Master of Public Administration*

Grand Valley State University  
Allendale, MI | 2005

#### *Bachelor of Science*

#### *Political Science*

Grand Valley State University  
Allendale, MI | 1999

### Professional Training

Credentialed Manager – ICMA  
Senior Certified Professional –  
SHRM

ICMA Leadership | 2014  
UVA Senior Executive Institute  
| 2013

### Awards and Affiliations

Michigan Municipal Executives  
2014 – Present  
  
ICMA  
2006 – Present





## ROBERT DUNCAN

### Managing Director

In his current role, Mr. Duncan is leading Imagine That Performance, facilitating Think Tanks and providing local government consulting services. The professionally facilitated Think Tanks are an avenue to dig deeper into current challenges by tapping into the group mind and gain valuable insights. County Administrators and City Managers have an opportunity to make better decisions and improve performance before best practices have been established.

In addition to facilitating Think Tanks, Mr. Duncan has been providing direct consulting services to municipal clients including Pinellas County, City of Temple Terrace, City of Deerfield Beach and Town of Kenneth City.

Mr. Duncan began serving Florida Municipalities in 2013 as an Account Executive for ABM. In this role, he assisted local governments with mounting fiscal and infrastructure challenges as cost of services continued to rise faster than their ability to raise revenue. The consultative approach leading to Guaranteed Energy Savings Performance Contracts required budget and expense analysis, coordination of assessments, root cause analysis of inefficiency along with development and implementation of both technical and funding solutions.

Prior to joining ABM, Mr. Duncan was General Manager and Executive Vice President of Wholesale Energy, with full P&L and management responsibility for the small business of nearly 50 employees. He was hired to be a change agent and implemented necessary changes to re-position business for growth, including building high performance teams, formal business process creation/implementation, institution of hiring best practices and adoption of necessary technology. His direct reports included the department heads of Finance, Operations/Project Management, Engineering and Sales/Marketing.

Mr. Duncan began his engineering career at Applied Materials. His initial role as a customer service engineer was the foundation for a career dedicated to customer service and continuous improvement programs. In a very fast paced and highly technical environment, he demonstrated problem solving skills while serving clients such as Intel, IBM and Samsung, traveling throughout the US and internationally to address critical customer challenges. He was awarded multiple patents for designing solutions to complex challenges. He managed the product development process for new product releases and the subsequent continuous improvement program.



### Education

Bachelor of Science  
Electrical Engineering

*Fairleigh Dickinson University*  
Teaneck, New Jersey | 1993

Graduate Courses in Business  
Administration  
*Marist College*

Poughkeepsie, NY | 1996 – 1997  
*Santa Clara University*  
Santa Clara, CA | 1999 – 2000

### Professional Training

Certified Peer Group Facilitator  
Certified Executive Coach  
Jacksonville Beach, FL | 2013

### Awards and Affiliations

Awarded 4 Patents for Applied  
Materials  
FCCMA | 2014 – Present



# *State of Florida*

## *Department of State*

I certify from the records of this office that IMAGINE THAT PERFORMANCE, LLC is a limited liability company organized under the laws of the State of Florida, filed on June 25, 2020, effective July 1, 2020.

The document number of this limited liability company is L20000178704.

I further certify that said limited liability company has paid all fees due this office through December 31, 2022, that its most recent annual report was filed on March 9, 2022, and that its status is active.

*Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this  
the Ninth day of March, 2022*

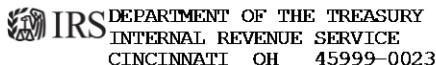


*Ronald R. DeSantis*  
Secretary of State

Tracking Number: 2497299642CC

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Filings/CertificateOfStatus/CertificateAuthentication>



Date of this notice: 06-26-2020

Employer Identification Number:  
85-1624930

Form: SS-4

Number of this notice: CP 575 G

For assistance you may call us at:  
1-800-829-4933

IMAGINE THAT PERFORMANCE LLC  
ROBERT DUNCAN SOLE MBR  
18133 PORTSIDE ST  
TAMPA, FL 33647

IF YOU WRITE, ATTACH THE  
STUB AT THE END OF THIS NOTICE.

#### WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 85-1624930. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

A limited liability company (LLC) may file Form 8832, *Entity Classification Election*, and elect to be classified as an association taxable as a corporation. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553, *Election by a Small Business Corporation*. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at [www.irs.gov](http://www.irs.gov). If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

#### IMPORTANT REMINDERS :

- \* Keep a copy of this notice in your permanent records. **This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you.** You may give a copy of this document to anyone asking for proof of your EIN.
- \* Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- \* Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub.

Your name control associated with this EIN is IMAG. You will need to provide this information, along with your EIN, if you file your returns electronically.

Thank you for your cooperation.





Form **W-9**  
(Rev. October 2018)  
Department of the Treasury  
Internal Revenue Service

**Request for Taxpayer Identification Number and Certification**

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.  
**Robert Duncan**

2 Business name/disregarded entity name, if different from above  
**Imagine That Performance, LLC**

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☒ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► \_\_\_\_\_

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ► \_\_\_\_\_

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_  
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.  
**18133 Portside Street**

6 City, state, and ZIP code  
**Tampa, FL 33647**

7 List account number(s) here (optional)

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

8 5 - 1 6 2 4 9 3 0

or

Employer identification number

8 5 - 1 6 2 4 9 3 0

**Part II Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and

2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and

3. I am a U.S. citizen or other U.S. person (defined below); and

4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here Signature of U.S. person ► *Robert Duncan* Date ► *6/26/2020*

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)  
Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.  
*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

04/08/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Hiscox Inc. 520 Madison Avenue 32nd Floor New York, NY 10022	<b>CONTACT NAME:</b> <b>PHONE (A/C, No, Ext):</b> (888) 202-3007 <b>FAX (A/C, No):</b> <b>E-MAIL ADDRESS:</b> contact@hiscox.com																					
<b>INSURED</b> Imagine That Performance, LLC 18133 Portside Street Tampa FL 33647	<table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr> <tr> <td>INSURER A:</td><td>Hiscox Insurance Company Inc</td><td>10200</td></tr> <tr> <td>INSURER B:</td><td></td><td></td></tr> <tr> <td>INSURER C:</td><td></td><td></td></tr> <tr> <td>INSURER D:</td><td></td><td></td></tr> <tr> <td>INSURER E:</td><td></td><td></td></tr> <tr> <td>INSURER F:</td><td></td><td></td></tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Hiscox Insurance Company Inc	10200	INSURER B:			INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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**COVERAGES****CERTIFICATE NUMBER:****REVISION NUMBER:**

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INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			UDC-4797912-CGL-21	04/08/2021	04/08/2022	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ S/T Gen. Agg. \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**CERTIFICATE HOLDER****CANCELLATION**

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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## COVERAGES

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## REVISION NUMBER:


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	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N	N / A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability			UDC-4797912-EO-21	04/08/2021	04/08/2022	Each Claim: \$ 250,000 Aggregate: \$ 250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

## CERTIFICATE HOLDER

## CANCELLATION

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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**RESOLUTION 2022 - 14**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA APPROVING BUDGET AMENDMENT NO. 1 IN THE AMOUNT OF \$1,884,832.00 FOR FISCAL YEAR 2021-2022, SET FORTH IN COMPOSITE EXHIBIT "A" ATTACHED HERETO; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the Fiscal Year 2021-2022 budget was adopted by the City Commission of the City of Pahokee, Florida (the "City") on September 28, 2021; and

**WHEREAS**, Budget Amendment No. 1 set forth in Exhibit "A", will increase the current budget for Fiscal Year 2021-2022 from \$7,246,112.00 to \$9,130,944.00 a difference of \$1,884,832.00; and

**WHEREAS**, the General Fund will increase in both revenues and expenditures by \$303,387.00 to account for unexpected revenues and expenditures for day to day operations, and expenditures related to Interim Human Resources Director and Interim Finance Director contracted professional services, and employees minimum pay of no less than \$15.00 per hour; and

**WHEREAS**, the Grant Fund will increase in both revenues and expenditures by \$1,581,445.00 to account for increase in American Rescue Plan Act – Intergovernmental Revenue; and

**WHEREAS**, it is now necessary to amend the Fiscal Year 2021-2022 Budget to reflect the total budget increase of \$1,884,832.00.

**WHEREAS**, the City Commission of the City of Pahokee, Florida, finds that approving Budget Amendment No. 1, attached hereto as Exhibit "A", is in the best interest of the City and its residents.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF PAHOKEE, FLORIDA, AS FOLLOWS:**

**Section 1.**    Adoption of Representations.    The foregoing whereas clauses are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

**Section 2.**    Budget Amendment No. 1.    The City Commission of the City of Pahokee, Florida hereby approves Budget Amendment No. 1 for the Fiscal Year 2021-2022, attached hereto as Exhibit "A", providing for a total budget increase of \$1,884,832.00.

**Section 3.** Effective Date. This Resolution shall be effective immediately upon its passage and adoption.

**PASSED** and **ADOPTED** this 26th day of April, 2022.

\_\_\_\_\_  
Keith W. Babb, Jr., Mayor

**ATTEST:**

\_\_\_\_\_  
Tijauna Warner, City Clerk

**APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:**

\_\_\_\_\_  
Burnadette Norris-Weeks, P.A.  
City Attorney

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

**VOTE:**

Vice Mayor Murvin	_____ (Yes)	_____ (No)
Commissioner Boldin	_____ (Yes)	_____ (No)
Commissioner Gonzalez	_____ (Yes)	_____ (No)
Commissioner Perez	_____ (Yes)	_____ (No)
Mayor Babb	_____ (Yes)	_____ (No)



**Composite Exhibit "A"**

**Budget Amendments Summary FY2021-2022**

**Budget Summary Fiscal Year Ending September 30, 2022**

**City of Pahokee**

Section 2, Item C.

**Budget Amendments Summary FY2021-2022**

<b>FUND</b>	<b>Comm. Mtg. Date</b>	<b>Budget Amendment No.</b>	<b>Description</b>	<b>Approved</b>	<b>Total Net Increase or (Decrease) Amount</b>
<b><u>General Fund</u></b>					
	04/26/2022	2022-001	Increase on unexpected revenues/ expenditures	303,387.00	
			<b>Net Increase General Fund</b>	<u>303,387.00</u>	<b>303,387.00</b>
<b><u>Grant Fund</u></b>					
			New Fund- added per auditors request		
	04/26/2022	2022-001	To account for American Rescue Plan Act Funds will be used this Fiscal Year 21-22	1,581,445.00	
			<b>Net Increase Grant Fund</b>	<u>1,581,445.00</u>	<b>1,581,445.00</b>
			<b>Total Budget Increase</b>		<u><b>1,884,832.00</b></u>



# Public Private Partnership Model

# INTRODUCTION

- **Inframark has specialized in providing services to municipal governments and special districts in the State of Florida for over thirty-five years.**
- **The Public Private Partnership model is a proven method for providing high quality municipal services.**
- **This approach allows a municipal government to contract for a specific Scope of Services provided by a private contractor, utilizing the contractor's own personnel.**

# ADVANTAGES OF THE PUBLIC PRIVATE PARTNERSHIP MODEL

- **Better control by the City of municipal services through the enforcement of a Scope of Services to be provided, as opposed to reliance upon individual employee performance.**
- **With the Public Private Partnership, the City requires the Contractor to perform the services identified in the contract, to the level specified in the contract. This approach is more advantageous to the City as compared to seeking to get individual employees to provide a high level of service.**

## **ADVANTAGES OF THE PUBLIC PRIVATE PARTNERSHIP MODEL**

- **The contract with the Contractor has specific and identifiable milestones to be achieved in providing City services as opposed to hoping that City employees do a good job.**
- **Financial savings to the City through reduction in the need for human resource services and legal services resulting from employee actions because the Contractor is responsible for its own employees.**
- **Reduction in liability to the City due to employee actions and/or inaction because the employees are employed by the Contractor who is responsible for their actions.**

# ADVANTAGES OF THE PUBLIC PRIVATE PARTNERSHIP MODEL

- **Flexibility in expanding City services (for one-time and special projects) through contract amendments as opposed to seeking to hire new personnel that will not be needed once a project is complete.**
- **The City can take advantage of the depth of expertise and talent available from the Contractor as opposed to having to rely on City employees only. As an example, Inframark has four different employees with over 75 years of municipal management experience that the City can draw upon if and when needed.**
- **Since Inframark was founded to provide municipal and special district services, they have the expertise in all municipal areas including: accounting, financing, budget preparation, audit responses, City Clerk and records management functions, public works and other services.**

## Proclamation

### Declaring May 2022 “Mental Health Awareness and Trauma-Informed Care Month in the City of Pahokee

*WHEREAS, mental health is essential to everyone’s overall health and well-being, and;*

*WHEREAS, everyone experiences times of stress and struggles in their lives, and;*

*WHEREAS, one in four adults and one in five youth ages 13-18 experience serious mental illness, and;*

*WHEREAS, COVID-19 pandemic has heightened the need and access for mental health services for Glades residents, and;*

*WHEREAS, 60 percent of adults and 50 percent of youth do not receive the treatment necessary for their mental health needs due to limited or no knowledge of the need, barriers to care, or fear and shame, and;*

*WHEREAS, research recognizes that adverse childhood experiences (ACEs), which include, but are not limited to physical, emotional and sexual abuse, physical and emotional neglect, household dysfunction, untreated mental illness, or incarceration of a household member, domestic violence, and separation or divorce involving household members, are traumatic experiences that can have a profound effect on a child’s developing brain and body and can result in poor physical and mental health during childhood and adulthood, and;*

*WHEREAS, community understanding and available supports and services can greatly impact a person’s ability to handle their stress and struggle and move forward, and;*

*WHEREAS, promoting mental health and wellness leads to higher overall productivity, better educational outcomes, lower crime rates, stronger economies, lower health care costs, improved family life, improved quality of life and increased lifespan, and;*

*WHEREAS, studies show that the effects of ACEs are felt by people regardless of race, ethnicity, religion, gender, sexual orientation, or socio-economic status, and;*

*WHEREAS, each business, school, government agency, healthcare provider, faith-based organization, non-profit agency and citizen shares accountability for the community’s mental health needs and has a responsibility to promote mental wellness and support prevention efforts, and;*

*WHEREAS, The City of Pahokee recognizes the impact of awareness and education, access to services and acceptance of the importance of mental health and well-being to a person’s overall success and supports the implementation of trauma informed approaches throughout the systems of care.*

*Now, therefore, I, Keith W Babb, Jr. Mayor of City of Pahokee, by virtue of authority vested in me do hereby proclaim May 2022 as Mental Health Awareness and Trauma Informed Care Month.*

*Done this 26th day of April, 2022*

*Keith W. Babb, Jr.*

Mayor Keith W. Babb, Jr.

*Clara Murvin*

Vice Mayor Clara Murvin

*Derrick Boldin*

Commissioner Derrick Boldin

*Juan Gonzalez*

Commissioner Juan Gonzalez

*Sara Perez*

Commissioner Sara Perez



# Proclamation

## "Financial Literacy Month"

*WHEREAS*, in March 2004 the Senate passed Resolution 316 that officially recognized April as National Financial Literacy Month; and

*WHEREAS*, National Financial Literacy Month is dedicated to improving financial literacy in an effort to ensure that all Americans have access to trustworthy financial services and products; and

*WHEREAS*, financial literacy can help families establish and maintain healthy financial habits to improve their quality of life; and

*WHEREAS*, 2022 is the City of Pahokee's first year participating in Money \$mart Week, created as a public awareness campaign designed to help residents and other consumers better manage their personal finance through the collaboration and coordinated efforts across the City; and

*WHEREAS*, the City of Pahokee encourages state agencies, public and private institutions, regional agencies, and community organizations to provide instruction, activities, and initiatives that contribute to developing and enhancing financial literacy knowledge and skills to ensure economic success; and

*WHEREAS*, when Pahokee citizens increase their personal finance knowledge and skills, the financial well-being of the individual and the City will improve; and

*WHEREAS*, national research continues to highlight points of concern for how Americans manage personal debt, retirement savings, and daily budgetary challenges; and

*WHEREAS*, the designation of Financial Literacy Month helps raise public awareness about the importance of financial education in Pahokee and

*WHEREAS*, for Financial Literacy Month, the City of Pahokee will host a financial seminar titled MONEY \$MART WEEK throughout various locations of the City where Pahokee citizens will learn how to budget, increase their cash flow, about investments and planning for their future.

*NOW, THEREFORE, I, Keith W. Babb, Jr., Mayor of the City of Pahokee, and on behalf of the City Commission, do hereby proclaim April 2022 as:*

**"FINANCIAL LITERACY MONTH"**

*Done this 26th day of April, 2022*

*Keith W. Babb, Jr.*

Mayor Keith W. Babb, Jr.

*Clara Murvin*

Vice Mayor Clara Murvin

*Derrick Boldin*

Commissioner Derrick Boldin

*Juan Gonzalez*

Commissioner Juan Gonzalez

*Sara Perez*

Commissioner Sara Perez

