

CITY OF LABELLE, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF LABELLE, FLORIDA

ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1 and 2
Management's Discussion and Analysis.....	3-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements	
Balance Sheet – Governmental Fund.....	11
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities.....	14
Statement of Net Position – Proprietary Fund.....	15
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....	16
Statement of Cash Flows – Proprietary Fund.....	17 and 18
Statement of Fiduciary Net Position – Fiduciary Fund.....	19
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	20
Notes to Financial Statements.....	21-48
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	49
Schedule of the City's Proportionate Share of the Net Pension Liability – FRS.....	50
Schedule of Contributions – FRS.....	51
Schedule of the City's Proportionate Share of the Net Pension Liability – HIS.....	52
Schedule of Contributions – HIS.....	53
Schedule of Changes in Net Pension Liability and Related Ratios – Pension Trust Fund.....	54
Schedule of Contributions – Pension Trust Fund.....	55
Schedule of Pension Investment Returns – Pension Trust Fund.....	56
Schedule of Changes in the City's Total OPEB Liability and Related Ratios.....	57
Other Supplementary Information:	
Schedule to Determine Compliance with Interlocal Fire Protection and Animal Control Agreements.....	58
Schedule of Revenues and Expenses – Business-Type Activities – Utility Fund.....	59
OTHER REPORTS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60 and 61
Summary Schedule of Findings and Responses.....	62-64
Summary Schedule of Prior Year Findings.....	65
Independent Auditor's Management Letter.....	66 and 67
Independent Accountant's Report – Investment Compliance.....	68

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the City Commission,
City of LaBelle, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of LaBelle, Florida** (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, 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 3 through 8 and the Required Supplementary Information as listed in the table of contents on pages 49 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, (Schedule of Revenues and Expenses – Business-Type Activities – Utility Fund and the Schedule to Determine Compliance with Interlocal Fire Protection and Animal Control Agreements) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida
July 13, 2022

CITY OF LABELLE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

Management's discussion and analysis presents a narrative overview and analysis of the City of LaBelle's (the "City") financial performance for the fiscal year ended September 30, 2021. It is designed to provide a broad overview and a short- and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activities, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), clarify material deviations from the approved budget, and explain individual fund issues. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 9) and notes to the financial statements (pages 21-48).

HIGHLIGHTS

Financial Highlights for the Fiscal Year Ended September 30, 2021 and Subsequent Financial Information are shown below:

1. The City's overall net position increased by \$431,222.
2. The total cost of all the City's programs was \$8,783,340, which was \$168,648 more than the prior year.
3. The City's governmental activities increased net position by \$1,119,617 substantially as a result of increased intergovernmental revenues of \$2.1 million, offset by decreased charges for services of \$1.1 million.
4. During the year, the City had expenses of \$3,867,101 for governmental activities, which was \$805,169 less than the prior year.
5. The City's business-type activities decreased net position by \$688,395 as a result of decreased capital contributions of \$750,972.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF LABELLE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, developmental services, and culture and recreation. The business-type activities of the City include electric, water and sewer, and sanitation operations.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: (1) governmental funds, and (2) proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Community Redevelopment, which are considered to be major funds. Data from the other governmental fund is combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, Community Redevelopment and Grants Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

CITY OF LABELLE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

Proprietary funds. The City of LaBelle, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water and sewer, and solid waste.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer, and solid waste operations, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 15 through 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 48 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City's assets (and deferred outflows of resources) exceeded liabilities (and deferred inflows of resources) by \$28,155,939 (net position) at September 30, 2021.

\$22.0 million (78%) of the City's net position reflects its investment in capital assets (e.g. land, construction in progress, buildings, vehicles, and machinery and equipment) less related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City:

City of LaBelle, Florida's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 7,108,031	\$ 4,950,617	\$ 3,665,186	\$ 3,859,769	\$ 10,773,217	\$ 8,810,386
Capital assets	7,309,760	7,143,808	29,773,197	30,287,686	37,082,957	37,431,494
Total assets	14,417,791	12,094,425	33,438,383	34,147,455	47,856,174	46,241,880
Total deferred outflows of resources	413,714	606,347	183,620	275,812	597,334	882,159
Other liabilities	1,513,810	232,648	822,033	840,073	2,335,843	1,072,721
Long-term liabilities	1,130,639	2,142,502	15,257,671	15,728,935	16,388,310	17,871,437
Total liabilities	2,644,449	2,375,150	16,079,704	16,569,008	18,724,153	18,944,158
Total deferred inflows of resources	1,176,697	190,062	396,719	20,284	1,573,416	210,346
Net position:						
Net investment in capital assets	7,062,434	6,843,027	14,891,845	15,046,163	21,954,279	21,889,190
Restricted	-	948,990	3,094,783	2,741,030	3,094,783	3,690,020
Unrestricted	3,947,925	2,343,543	(841,048)	46,782	3,106,877	2,390,325
Total net position	\$ 11,010,359	\$ 10,135,560	\$ 17,145,580	\$ 17,833,975	\$ 28,155,939	\$ 27,969,535

CITY OF LABELLE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

A portion of the City's net position, \$3.1 million (11%), represents resources that are subject to restrictions on how they may be used. The unrestricted portion of net position, \$3.1 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's overall financial condition improved during the year ended September 30, 2021. The overall increase in the City's net position was \$430 thousand (1.6%) during the year.

City of LaBelle, Florida's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 729,581	\$ 1,879,840	\$ 4,140,780	\$ 3,097,630	\$ 4,870,361	\$ 4,977,470
Operating grants and contributions	-	251,247	-	-	-	251,247
Capital grants and contributions	238,624	-	78,178	829,150	316,802	829,150
General revenues:						
Property taxes	920,663	1,449,016	-	-	920,663	1,449,016
Intergovernmental	2,872,542	814,575	-	-	2,872,542	814,575
Investment income	6,730	11,781	8,886	21,856	15,616	33,637
Miscellaneous	218,578	37,273	-	-	218,578	37,273
Total revenues	4,986,718	4,443,732	4,227,844	3,948,636	9,214,562	8,392,368
Operating Expenses:						
General government	1,458,896	1,429,737	-	-	1,458,896	1,429,737
Public safety	467,160	807,119	-	-	467,160	807,119
Physical environment	1,015,289	26,478	-	-	1,015,289	26,478
Transportation	37,013	1,342,516	-	-	37,013	1,342,516
Culture and recreation	545,140	598,752	-	-	545,140	598,752
Economic environment	89,210	26,251	-	-	89,210	26,251
Human services	245,112	265,792	-	-	245,112	265,792
Disaster expenses	-	166,244	-	-	-	166,244
Interest on long-term debt	9,281	9,381	-	-	9,281	9,381
Water system	-	-	2,288,938	2,230,688	2,288,938	2,230,688
Sewer system	-	-	1,730,827	1,711,734	1,730,827	1,711,734
Solid waste	-	-	896,474	-	896,474	-
Total operating expenses	3,867,101	4,672,270	4,916,239	3,942,422	8,783,340	8,614,692
Change in net position	1,119,617	(228,538)	(688,395)	6,214	431,222	(222,324)
Net position, beginning, as restated	9,890,742	10,364,098	17,833,975	17,827,761	27,724,717	28,191,859
Net position, ending	\$ 11,010,359	\$ 10,135,560	\$ 17,145,580	\$ 17,833,975	\$ 28,155,939	\$ 27,969,535

CITY OF LABELLE, FLORIDA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 is \$37.1 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, wastewater and drainage systems improvements, vehicles, machinery and equipment, park facilities, roads and highways, and software. There was a decrease of the City's investment in capital assets for the year ended September 30, 2021 of \$350 thousand due mostly to depreciation expense.

**City of LaBelle, Florida's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 4,139,129	\$ 4,139,129	\$ 1,466,338	\$ 1,466,338	\$ 5,605,467	\$ 5,605,467
Construction in progress	-	-	589,411	-	589,411	-
Buildings	2,879,714	2,743,119	-	-	2,879,714	2,743,119
Equipment, furniture, and fixtures	4,197,041	3,814,785	813,494	694,359	5,010,535	4,509,144
Infrastructure	3,667,914	3,639,080	-	-	3,667,914	3,639,080
Treatment plans and systems	-	-	44,389,837	44,389,837	44,389,837	44,389,837
Less accumulated depreciation	(7,574,038)	(7,192,305)	(17,485,883)	(16,262,848)	(25,059,921)	(23,455,153)
Total capital assets	\$ 7,309,760	\$ 7,143,808	\$ 29,773,197	\$ 30,287,686	\$ 37,082,957	\$ 37,431,494

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term debt. At September 30, 2021, the City had total long-term liabilities outstanding of \$16.4 million. The debt amount represents notes payable and bonds payable secured by specified revenue sources and equipment.

City of LaBelle, Florida's Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ -	\$ 48,081	\$ 131,352	\$ 144,078	\$ 131,352	\$ 192,159
Bonds payable	247,326	252,700	14,750,000	15,063,000	14,997,326	15,315,700
Net pension liability	570,626	1,636,636	278,713	799,387	849,339	2,436,023
Total OPEB liability	51,816	88,590	29,252	48,196	81,068	136,786
Compensated absences	260,871	169,950	68,354	62,311	329,225	232,261
Total debt	\$ 1,130,639	\$ 2,195,957	\$ 15,257,671	\$ 16,116,972	\$ 16,388,310	\$ 18,312,929

Additional information on the City's long-term debt can be found in Note 7 of this report.

CITY OF LABELLE, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

Economic Factors and Next Year's Budget and Rates

The City Commission considered many factors while determining the fiscal year 2022 budget, setting the new millage rate and special assessments, and analyzing the fees which will be charged by the business-type activities. One of those factors was the economy.

LaBelle's local economy consists largely of retail, agriculture, and service industries. Some of the largest business entities in LaBelle include agribusiness, general merchandise, grocery, and vehicle retail establishments. Hendry County's unemployment rate was 4.2% in December, 2021, which was a decrease from 6% in December 2020.

Preparations continue to be made for new commercial establishments and residential housing within the City. Many developers are contacting the City to do residential and/or commercial projects. However, changes in the economy due to COVID-19 have potentially delayed some of the development projects. Discussion is resuming on some of the delayed and previously abandoned development projects. Some projects have been approved and are moving forward in the development process. The City is in the process of a major project to convert septic tanks to City central sewer in the northeast quadrant of the City, which will facilitate several projects in the near future. Construction began in the first quarter of 2021 and will continue for several quarters.

The current real estate market and general economy in Hendry County is now beginning to pick back up. Activity is resuming and several projects have been permitted and are in the construction phase. The future prospects, are once again beginning to look more positive.

Requests for Information

This discussion and analysis is designed to provide a general overview of the City's finances for readers of the City's financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of LaBelle Finance Department, 481 West Hickpochee Ave, LaBelle, Florida 33935. Additional information can be found on the City's website at <http://www.citylabelle.com>.

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF LABELLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,539,756	\$ 680,500	\$ 5,220,256
Accounts receivables, net	59,493	416,583	476,076
Due from other governments	197,708	-	197,708
Internal balances	843,302	(843,302)	-
Restricted asset, cash and cash equivalents	-	3,411,405	3,411,405
Net pension asset	1,467,772	-	1,467,772
Capital assets			
Non-depreciable	4,139,129	2,055,749	6,194,878
Depreciable, net	3,170,631	27,717,448	30,888,079
Total assets	14,417,791	33,438,383	47,856,174
Deferred outflows of resources			
Deferred outflows - pension	413,714	183,620	597,334
Total deferred outflows of resources	413,714	183,620	597,334
Liabilities			
Accounts payable	130,607	445,707	576,314
Accrued liabilities	61,065	21,392	82,457
Accrued interest payable	-	38,312	38,312
Customer deposits payable	14,660	316,622	331,282
Unearned revenue	1,307,478	-	1,307,478
Noncurrent liabilities			
Due within one year	9,118	363,177	372,295
Due in more than one year	1,121,521	14,894,494	16,016,015
Total liabilities	2,644,449	16,079,704	18,724,153
Deferred inflows of resources			
Deferred inflows - pension	1,176,697	396,719	1,573,416
Total deferred inflows of resources	1,176,697	396,719	1,573,416
Net position			
Net investment in capital assets	7,062,434	14,891,845	21,954,279
Restricted for			
Capital improvements	-	2,064,691	2,064,691
Debt service	-	1,030,092	1,030,092
Unrestricted	3,947,925	(841,048)	3,106,877
Total net position	\$ 11,010,359	\$ 17,145,580	\$ 28,155,939

The accompanying notes to financial statements are an integral part of this statement.

CITY OF LABELLE, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-Type Activities	
					Governmental Activities	Total
Functions/Programs						
Primary Governmental activities:						
Governmental activities:						
General government	\$ 1,458,896	\$ 206,763	\$ -	\$ -	\$ (1,252,133)	\$ (1,252,133)
Public safety	467,160	370,989	-	238,624	142,453	142,453
Transportation	1,015,289	-	-	-	(1,015,289)	(1,015,289)
Physical environment	37,013	-	-	-	(37,013)	(37,013)
Economic environment	89,210	-	-	-	(89,210)	(89,210)
Culture and recreation	545,140	27,414	-	-	(517,726)	(517,726)
Human services	245,112	124,415	-	-	(120,697)	(120,697)
Interest on long-term debt	9,281	-	-	-	(9,281)	(9,281)
Total governmental activities	<u>3,867,101</u>	<u>729,581</u>	<u>-</u>	<u>238,624</u>	<u>(2,898,896)</u>	<u>(2,898,896)</u>
Business-type activities:						
Water and sewer	2,288,938	2,159,373	-	78,178	-	(51,387)
Sewer	1,730,827	941,864	-	-	(788,963)	(788,963)
Solid waste	896,474	1,039,543	-	-	143,069	143,069
Total business-type activities	<u>4,916,239</u>	<u>4,140,780</u>	<u>-</u>	<u>78,178</u>	<u>-</u>	<u>(697,281)</u>
Total primary government	<u>\$ 8,783,340</u>	<u>\$ 4,870,361</u>	<u>\$ -</u>	<u>\$ 316,802</u>	<u>(2,898,896)</u>	<u>(3,596,177)</u>
General revenues						
Property taxes					920,663	920,663
Gas taxes					307,198	307,198
Sales taxes					284,278	284,278
Communication services					144,139	144,139
Utility service taxes					244,782	244,782
Franchise taxes					328,097	328,097
Other taxes					1,415,129	1,415,129
Unrestricted state revenue sharing					148,919	148,919
Investment earnings					6,730	15,616
Miscellaneous					218,578	218,578
Total general revenues and transfers					<u>4,018,513</u>	<u>4,027,399</u>
Change in net position					<u>1,119,617</u>	<u>431,222</u>
Net position, beginning of year, as restated					<u>9,890,742</u>	<u>27,724,717</u>
Net position, end of year					<u>\$ 11,010,359</u>	<u>\$ 28,155,939</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF LABELLE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2021

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 4,539,756
Accounts receivable, net	59,493
Due from other funds (advances)	843,302
Due from other governments	197,708
Total assets	<u>\$ 5,640,259</u>
Liabilities and fund balances	
Liabilities	
Accounts payable	\$ 130,607
Accrued liabilities	56,204
Customer deposits	14,660
Unearned revenue	1,307,478
Total liabilities	<u>1,508,949</u>
Fund balances	
Nonspendable	843,302
Unassigned	3,288,008
Total fund balances	<u>4,131,310</u>
Total liabilities and fund balances	<u>\$ 5,640,259</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF LABELLE, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

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

Total fund balances - governmental fund		\$ 4,131,310
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 14,883,798	
Accumulated depreciation	<u>(7,574,038)</u>	7,309,760
Deferred outflows, deferred inflows, and the net pension asset and liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	413,714	
Deferred inflows - pension	(1,176,697)	
Net pension asset	1,467,772	
Net pension liability	(570,626)	
Total OPEB liability	<u>(51,816)</u>	82,347
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Accrued interest payable	(4,861)	
Compensated absences	(260,871)	
Revenue bonds payable	<u>(247,326)</u>	<u>(513,058)</u>
Net position of governmental activities		<u><u>\$ 11,010,359</u></u>

The accompanying notes to financial statements are an integral part of this statement

CITY OF LABELLE, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund
Revenues	
Taxes	\$ 2,989,573
Licenses and permits	517,411
Intergovernmental revenues	714,159
Charges for services	531,656
Fines and forfeitures	38,264
Investment earnings	6,730
Miscellaneous revenues	218,578
Total revenues	5,016,371
Expenditures	
Current	
General government	1,572,544
Public safety	849,467
Transportation	918,537
Physical environment	22,735
Economic environment	416,074
Culture and recreation	490,060
Human services	247,353
Debt service	
Principal retirement	53,455
Interest	9,281
Total expenditures	4,579,506
Change in fund balances	436,865
Fund balances , beginning of year, restated	3,694,445
Fund balances , end of year	\$ 4,131,310

The accompanying notes to financial statements are an integral part of this statement.

CITY OF LABELLE, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net Change in Fund Balances – Total Governmental Fund		\$ 436,865
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 547,685	
Less current year depreciation	<u>(381,733)</u>	165,952
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayment of long-term debt		53,455
<p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:</p>		
Intergovernmental revenue		(29,653)
<p>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.</p>		
Change in compensated absences	(90,921)	
Change in total OPEB liability	36,774	
Change in net pension liability	<u>547,145</u>	<u>492,998</u>
Change in net position of governmental activities		<u>\$ 1,119,617</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF LABELLE, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2021**

	Utility Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 680,500
Accounts receivable, net	416,583
Restricted cash and cash equivalents	3,411,405
Total current assets	4,508,488
Noncurrent assets	
Capital assets, non-depreciable	2,055,749
Capital assets, net	27,717,448
Total noncurrent assets	29,773,197
Total assets	34,281,685
Deferred outflows of resources	
Deferred outflows - pension	183,620
Total deferred outflows of resources	183,620
Liabilities	
Current liabilities	
Accounts payable	445,707
Accrued liabilities	21,392
Due to other funds (advances)	843,302
Compensated absences	25,104
Liabilities payable from restricted assets	
Accrued interest	38,312
Customer deposits payable	316,622
Current portion of long-term debt	338,073
Total current liabilities	2,028,512
Noncurrent liabilities	
Compensated absences	43,250
Notes payable, net of current portion	118,279
Revenue bonds payable, net of current portion	14,425,000
Net pension liability	278,713
Net OPEB liability	29,252
Total non-current liabilities	14,894,494
Total liabilities	16,923,006
Deferred inflows of resources	
Deferred inflows - pension	396,719
Total deferred inflows of resources	396,719
Net position	
Net investment in capital assets	14,891,845
Restricted for	
Debt service	1,030,092
Capital improvements	2,064,691
Unrestricted	(841,048)
Total net position	\$ 17,145,580

The notes to the financial statements are an integral part of these statements.

CITY OF LABELLE, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Utility Fund
Operating revenues	
Charges for services	\$ 4,136,547
Miscellaneous	4,233
Total operating revenues	4,140,780
Operating expenses	
Administrative	1,186,990
Treatment plants	696,249
Water distribution	292,980
Wastewater collection	1,062,155
Depreciation	1,229,107
Total operating expenses	4,467,481
Operating (loss)	(326,701)
Nonoperating revenues (expenses)	
Investment earnings	8,886
Interest expense	(448,758)
Total nonoperating revenues (expenses)	(439,872)
(Loss) before capital contributions	(766,573)
Capital contributions	78,178
Change in net position	(688,395)
Total net position, beginning of year	17,833,975
Total net position, end of year	\$ 17,145,580

The notes to the financial statements are an integral part of these statements.

CITY OF LABELLE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 4,257,287
Cash paid to suppliers for goods and services	(1,750,620)
Cash paid to employees for services and benefits	(1,275,063)
Net cash provided by operating activities	<u>1,231,604</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(714,618)
Principal paid on notes payable	(12,726)
Principal paid on bonds payable	(313,000)
Capital grants received	792,913
Interest paid	(447,879)
Net cash used in capital and related financing activities	<u>(695,310)</u>
Cash flows from investing activities	
Interest received	<u>8,886</u>
Net cash provided by investing activities	<u>8,886</u>
Net change in cash and cash equivalents	545,180
Cash and cash equivalents, beginning of year	<u>3,546,725</u>
Cash and cash equivalents, end of year	<u>\$ 4,091,905</u>
Cash and cash equivalents classified as	
Cash and cash equivalents	\$ 680,500
Restricted cash and cash equivalents	3,411,405
Total cash and cash equivalents	<u>\$ 4,091,905</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LABELLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Utility Fund
Reconciliation of operating (loss) to net cash provided	
operating activities	
Operating (loss)	\$ (326,701)
Adjustment to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	1,229,107
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	125,342
Deferred outflows - pension	92,192
Increase (decrease) in liabilities:	
Accounts payable	401,078
Accrued liabilities	(23,126)
Due to other funds	(100,314)
Compensated absences payable	6,044
Net pension liability	(520,674)
Total OPEB liability	(18,944)
Deferred inflows - pension	376,435
Customer deposits	(8,835)
Net cash provided by operating activities	\$ 1,231,604

The notes to the financial statements are an integral part of these statements.

CITY OF LABELLE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2021

	<u>Pension Trust Fund</u>
Assets	
Cash	\$ 16,240
Investments at fair value	<u>2,303,795</u>
Total assets	<u>2,320,035</u>
Net position	
Restricted for pension benefits	<u>\$ 2,320,035</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LABELLE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Pension Trust Fund</u>
Additions	
Contributions	
Employer	\$ 57,601
Investment income	
Interest and dividends	387,035
Total additions	<u>444,636</u>
Deductions	
Pension benefits	102,058
Administrative expenses	13,652
Total deductions	<u>115,710</u>
Change in net position	328,926
Net position, beginning of year	1,991,109
Net Position, end of year	<u>\$ 2,320,035</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of LaBelle, Florida (the “City”) is a municipal corporation, incorporated by the Laws of Florida, Acts of 1925, Chapter 11580 – (245). The City is governed by a five-member board consisting of an elected Mayor and four other elected City Commissioners. The Board appoints a City Manager to administer the policies emanating from its statutory powers and authority. The City’s major operations include police and fire protection, parks and recreation, library, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting in the United States.

Reporting Entity

As required by GAAP, this report presents the financial statements of the funds of the City (the primary government). In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and included within the City's financial statements. Management utilized criteria set forth in GASB Statement 61 as amended for determining financial accountability of potential component units in evaluating potential component units. In accordance with GASB Statement 61 as amended, the City is financially accountable if it appoints a voting majority of the potential component unit's governing board, and it is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2021, the City has no component units, as defined by GASB Statement 61 as amended.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The Hendry County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Lien date	January 1
Levy date	November 1
Due date	November 1
Delinquent date	April 1
Sale of tax certificates	by June 1

Discounts of 1% are granted for each month taxes are paid on or before February 28, with a maximum discount of 4% if paid by November 30. Revenue recognition criteria for property taxes under GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. Current year ad valorem taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount, therefore, are not recorded as a receivable.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GASB Statement 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The City has used GASB Statement 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds. The following two broad classifications are used to categorize the fund types used by the City:

Governmental Fund

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The City has the following major governmental fund:

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

Proprietary Fund

Proprietary funds focus on the determination of net income, changes in net position, financial position and cash flows. The following is a description of the City's major proprietary fund:

Utility Fund – Accounts for the operations and activities related to the water and sewer system and solid waste collection within the City.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fiduciary Fund

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

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

The fiduciary fund of the City is the Firefighters' Pension Trust Fund.

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid debt instruments (including restricted assets), with a maturity of three months or less when purchased, are considered to be cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized. Specifically, allowable investments include:

- The State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the United States.

The City adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which requires the City to maintain deposits only with qualified public depositories. The City maintains a cash and investment pool available for use by all funds. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. In addition, restricted cash accounts and money market deposit accounts are separately maintained by several City funds in accordance with bond ordinances and other contractual agreements. Investments are stated at fair value, based on quoted market prices.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments (Continued)

The City's cash and investment pool and certain individual funds participate in the Florida State Board of Administration (SBA) Florida PRIME. The SBA is governed by Chapter 19-1 of the Florida Administrative Code (FAC). The FAC provides guidance and establishes the general operating procedures for the administration of the Local Government Surplus Trust Funds. Additionally, the Florida Auditor General performs an operational audit of activities and investments of the SBA. GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, applies to Florida PRIME. GASB Statement 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value (NAV). GASB Statement 31 describes a "2a-7 like" pool as an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. City investments with the SBA may be made or liquidated by wire on a same day basis, subject to limitations described in Note 3. These funds are considered a SEC "2a-7 like" fund and are recorded at fair value.

Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and are not eliminated in the process of consolidation.

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 expendable available financial resources.

Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectibles. The City's allowance estimate is based on historical collection experience and a review of the current status of accounts receivable.

Inventory and Prepaid Items

Inventory in governmental funds is valued at the lower of cost or net realizable value using the first in/first out (FIFO) method. A portion of the General Fund balance equal to the inventory amount has been reserved in the fund financial statements to indicate that it is not available for appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, infrastructure, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets costing in excess of \$1,000 with estimated useful lives in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. The amount of interest capitalized during the construction phase of capital assets of business-type activities is calculated by offsetting interest expense incurred from the date of borrowing until the completion of the project with interest earned on the invested proceeds over the same period.

Capital assets are stated at cost, except for contributed assets, which are recorded at acquisition value on the date received by the City. Property, plant and equipment of the primary government are depreciated/amortized using the straight-line method generally over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Improvements other than buildings	10 - 40
Machinery and equipment	5 - 10

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation leave and associated employee-related costs. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

The difference between the reacquisition price (new debt) and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is offset against the new liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, gains/loss from refunding, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and gains from refundings received on debt issuances are reported as other financing sources while discounts and losses from refundings on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Pension Trust Fund (the "Plan"), as well as the Florida Retirement Systems (FRS) and Health Insurance Subsidy (HIS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan and FRS. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB Statement 54, are as follows:

Nonspendable – includes amounts that are not in spendable form or 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, deposits, prepaids, and advances to other funds.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed – includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action (Resolution) of the government's highest level of decision making authority, the City Commission. Commitments may be changed or lifted only by the City taking the same formal action (Resolution) that imposed the constraint. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by the City Commission or a body (for example: a budget or finance committee) or official to which the City Commission has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Commission has not authorized a specific party to assign fund balance. The City Commission may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed on fund balances. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund is the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets – represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted – this category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted – indicates that portion of net position that is available for future periods.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources, as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 8 for additional information on the City's deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has one item that qualifies for reporting in this category which relates to the City's pension plan. See Note 8 for additional information on the City's deferred inflows of resources related to pensions.

Estimates

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

Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statutes.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets (Continued)

The City sets the legal level of budgetary control at the fund level. The transfer of budgeted amounts within departments may be requested by department heads and may be made upon approval by the Finance Director and City Manager. Budgetary transfers between funds or changes in the total budget of a fund require approval of the City Commission through the passage of a resolution which is required to be posted on the City's website. The schedule of expenditures by department budget and actual is presented in the financial statements to demonstrate compliance with the previous City policy which required budget approvals at the total department level. The City issues a separate budgetary report to demonstrate compliance with the new policy due to the exceptionally low level at which budgetary control has been set.

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Commission by resolution can make supplemental appropriations for the year. During the current fiscal year, various supplemental appropriations were approved by the City Commission. Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources that are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. All encumbrances were closed at the end of the year. Therefore, no provision for encumbrances has been made at September 30, 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposit policies – The City's cash and cash equivalents (including restricted assets) include cash on hand, demand deposits, short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition, pooled investments and money market funds.

Deposits

Custodial credit risk – There is a risk that in the event of failure of a depository financial institution, the government will not be able to recover their deposits. It is the City's policy to maintain its deposits only with qualified public depositories as defined in Chapter 280, Florida Statutes. The provisions of this statute allow qualified public depositories to participate in a multiple financial institution collateral pool to ensure security for public deposits. All qualified public depositories must place with or in the name of the Chief Financial Officer of the State of Florida, collateral in the amount of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125% of the average daily balance of public deposits greater than capital. In the event of default by a qualified public depository, excess losses over insurance and collateral will be recovered through assessments from all qualified public depositories of the same type as the depository in default. Under this method, all City's deposits are considered fully insured. The City has no further custodial credit risk policy.

At September 30, 2021, the carrying amount of the City's checking accounts was \$8,631,661 and the bank balance was \$8,683,726.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund Investments

As of September 30, 2021, the City's pension trust fund had the following investments:

Pension Trust Fund Investments	Fair Value
Broad Market HQ Bond Fund	\$ 359,605
Core Plus Fixed Income	366,565
Diversified Large Cap	586,969
Diversified Small to Mid Cap	322,485
International Equity	473,287
Core Real Estate	194,884
	\$ 2,303,795

Fair Value Measurements

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Pension Trust Fund Investments				
Broad Market HQ Bond Fund	\$ -	\$ 359,605	\$ -	\$ 359,605
Core Plus Fixed Income	-	-	366,565	366,565
Diversified Large Cap	-	586,969	-	586,969
Diversified Small to Mid Cap	-	322,485	-	322,485
International Equity	-	473,287	-	473,287
Core Real Estate	-	-	194,884	194,884
	\$ -	\$1,742,346	\$561,449	\$2,303,795

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Securities classified in Level 3 are valued using discounted cash flow techniques.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2021 were as follows:

	General Fund	Utility Fund	Total
Accounts receivable - billed	\$ 52,647	\$ 310,937	\$ 363,584
Accounts receivable - unbilled	-	169,712	169,712
Due from other governments	197,708	-	197,708
Assessments receivable	6,846	-	6,846
Less allowance for doubtful accounts	-	(64,066)	(64,066)
	\$ 257,201	\$ 416,583	\$ 673,784

Due from Other Governments

Amounts due from other governments in the General Fund relate to grant and other intergovernmental revenue.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021 is as follows:

Due From/To Other Funds (Advances)

Due from/to other funds (advances) generally represent recurring activities between funds, as well as temporary cash deficits. Balances as of September 30, 2021 were as follows:

	Due From Utility Fund
Due To	
General Fund	\$ 843,302

Interfund Transfers

Interfund transfers represent transfers of funds for operating purposes from the fund that collected them to the fund that is authorized to expend them. There were no transfers between funds for the year ended September 30, 2021.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land and improvements	\$ 4,139,129	\$ -	\$ -	\$ 4,139,129
Total assets not being depreciated	<u>4,139,129</u>	<u>-</u>	<u>-</u>	<u>4,139,129</u>
Capital assets being depreciated				
Buildings	2,743,119	136,595	-	2,879,714
Equipment, furniture and fixtures	3,814,785	382,256	-	4,197,041
Infrastructure	3,639,080	28,834	-	3,667,914
Total assets being depreciated	<u>10,196,984</u>	<u>547,685</u>	<u>-</u>	<u>10,744,669</u>
Less accumulated depreciation	<u>(7,192,305)</u>	<u>(381,733)</u>	<u>-</u>	<u>(7,574,038)</u>
Total accumulated depreciation	<u>(7,192,305)</u>	<u>(381,733)</u>	<u>-</u>	<u>(7,574,038)</u>
Total assets depreciated, net	<u>3,004,679</u>	<u>165,952</u>	<u>-</u>	<u>3,170,631</u>
Governmental activities, net	<u>\$ 7,143,808</u>	<u>\$ 165,952</u>	<u>\$ -</u>	<u>\$ 7,309,760</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land and improvements	\$ 1,466,338	\$ -	\$ -	\$ 1,466,338
Construction in progress	-	589,411	-	589,411
Total assets not being depreciated	<u>1,466,338</u>	<u>589,411</u>	<u>-</u>	<u>2,055,749</u>
Capital assets being depreciated				
Treatment plants and systems	44,389,837	-	-	44,389,837
Other equipment	694,359	125,207	(6,072)	813,494
Total assets being depreciated	<u>45,084,196</u>	<u>125,207</u>	<u>(6,072)</u>	<u>45,203,331</u>
Less accumulated depreciation	<u>(16,262,848)</u>	<u>(1,229,107)</u>	<u>6,072</u>	<u>(17,485,883)</u>
Total accumulated depreciation	<u>(16,262,848)</u>	<u>(1,229,107)</u>	<u>6,072</u>	<u>(17,485,883)</u>
Total assets depreciated, net	<u>28,821,348</u>	<u>(1,103,900)</u>	<u>-</u>	<u>27,717,448</u>
Business-type activities, net	<u>\$ 30,287,686</u>	<u>\$ (514,489)</u>	<u>\$ -</u>	<u>\$ 29,773,197</u>

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities		
General government	\$	48,306
Public safety		138,347
Transportation		91,368
Physical environment		14,288
Culture and recreation		85,219
Human services		4,205
	<u>\$</u>	<u>381,733</u>
Business-Type Activities		
Water and sewer	\$	1,229,107
	<u>\$</u>	<u>1,229,107</u>

NOTE 7 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2021 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Note payable from direct borrowings	\$ 48,081	\$ -	\$ (48,081)	\$ -	\$ -
Revenue bond payable	252,700	-	(5,374)	247,326	5,549
Net pension liability	1,636,636	512,472	(1,578,482)	570,626	-
Total OPEB liability	88,590	7,659	(44,433)	51,816	-
Compensated absences	169,950	94,386	(3,465)	260,871	3,569
Total governmental activities	<u>\$ 2,195,957</u>	<u>\$ 614,517</u>	<u>\$ (1,679,835)</u>	<u>\$ 1,130,639</u>	<u>\$ 9,118</u>
Business-type activities					
Revenue bonds payable	\$ 15,063,000	\$ -	\$ (313,000)	\$ 14,750,000	\$ 325,000
Notes payable from direct borrowings	144,078	-	(12,726)	131,352	13,073
Net pension liability	799,387	250,361	(771,035)	278,713	-
Total OPEB liability	48,196	3,946	(22,890)	29,252	-
Compensated absences	62,311	37,376	(31,333)	68,354	25,104
Total business-type activities	<u>\$ 16,116,972</u>	<u>\$ 291,683</u>	<u>\$ (1,150,984)</u>	<u>\$ 15,257,671</u>	<u>\$ 363,177</u>

For the governmental activities, the net pension liability, total OPEB liability, and compensated absences are generally liquidated by the General Fund.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM DEBT (CONTINUED)

GOVERNMENTAL ACTIVITIES

Capital Improvement Revenue Bond - Series 2019

Revenue bonds payable bearing interest at 3.25%, issued to finance improvements to the City Civic Center secured by all legally available non-ad valorem revenues. Principal payments are due annually on April 5 each year until the year 2049. A debt service fund (sinking fund) and a reserve fund equal to one annual installment of principal and interest are required by the bond ordinance.

\$ 247,326

BUSINESS-TYPE ACTIVITIES

Revenue Bonds

Water and Sewer Revenue Bonds - Series 2002. 4.375% revenue bonds payable, issued to finance improvements to the water and sewer system; payment of principal, interest, and reserve account contributions are secured by the net revenues of the water and sewer system; bonds mature serially on September 1, each year until the year 2041.

\$ 1,900,000

Water and Sewer Revenue Bonds - Series 2005. 4.25% revenue bonds payable, issued to finance improvements to the water and sewer system; payment of principal, interest, and reserve account contributions are secured by the net revenues of the water and sewer system; bonds mature serially on September 1, each year until the year 2044.

956,000

Water and Sewer Revenue Bonds - Series 2013. 2.75% revenue bonds payable, issued to finance improvements to the water and sewer system; payment of principal, interest, and reserve account contributions are secured by the net revenues of the water and sewer system; bonds mature serially on September 1, each year until the year 2053.

11,894,000

Note Payable

Note payable to the Florida Department of Environmental Protection - State Revolving Fund with the beginning of the repayment period to be first principal payment due on July 15, 2010. The note is payable in 40 semi-annual payments of \$8,272 including interest at 2.71%. The final maturity date of the loan is July 15, 2030. Proceeds from the loan were used to construct improvements to the older water treatment plant.

131,352

Total business-type activities

\$14,881,352

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of September 30, 2021 are outlined in the table below:

GOVERNMENTAL ACTIVITIES

Fiscal Year	Principal	Interest	Total
2022	\$ 5,549	\$ 8,038	\$ 13,587
2023	5,729	7,858	13,587
2024	5,915	7,672	13,587
2025	6,108	7,479	13,587
2026	6,306	7,281	13,587
2027-2031	34,742	33,193	67,935
2032-2036	40,767	27,168	67,935
2037-2041	47,835	20,100	67,935
2042-2046	56,131	11,804	67,935
2047-2049	38,244	2,512	40,756
	<u>\$ 247,326</u>	<u>\$ 133,105</u>	<u>\$ 380,431</u>

BUSINESS-TYPE ACTIVITIES

Fiscal Year	Principal	Interest	Total
2022	\$ 338,073	\$ 454,312	\$ 792,385
2023	346,430	443,511	789,941
2024	359,796	432,770	792,566
2025	369,173	421,247	790,420
2026	382,560	409,525	792,085
2027-2031	2,080,320	1,857,272	3,937,592
2032-2036	2,360,000	1,507,130	3,867,130
2037-2041	2,762,000	1,098,573	3,860,573
2042-2046	2,337,000	684,380	3,021,380
2047-2051	2,464,000	355,795	2,819,795
2052-2053	1,082,000	44,825	1,126,825
	<u>\$ 14,881,352</u>	<u>\$ 7,709,340</u>	<u>\$ 22,590,692</u>

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 8 – PENSION PLANS

A – Cost Sharing Multiple Employer Defined Benefit Plans

The City participates in two defined benefit pension plans (Plans) that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. That report is available from the Florida Department of Management Services' website at www.dms.myflorida.com.

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

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

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under FRS 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 plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2020 through June 30, 2021, and July 1, 2021 through September 30, 2021, were as follows: Regular Class 7.92% and 8.26%, Senior Management 22.71% and 24.06%, Special Risk Employee Class 23.27% and 24.50%, Elected Officials 45.50% and 48.70%, and DROP Participants 13.26% and 14.03%.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLANS (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

The City’s contributions for the year ended September 30, 2021 were \$124,336 to FRS and \$11,572 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021 the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$ 330,237	\$ 519,102
Proportion at:		
Current measurement date	0.00431716%	0.00423187%
Prior measurement date	0.00436258%	0.00446768%
Pension expense (benefit)	\$ 40,149	\$ 30,852

As of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,603	\$ -	\$ 17,370	\$ 217
Change of assumptions	225,965	-	40,790	21,388
Net difference between projected and actual earnings on Pension Plan investments	-	1,152,114	541	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	128,130	1,147	5,021	34,080
City Pension Plan contributions subsequent to the measurement date	72,409	-	12,729	-
Total	<u>\$ 483,107</u>	<u>\$ 1,153,261</u>	<u>\$ 76,451</u>	<u>\$ 55,685</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>FRS</u>	<u>HIS</u>
2022	\$ (130,784)	\$ 2,214
2023	(152,506)	705
2024	(202,012)	1,455
2025	(258,864)	1,931
2026	1,603	1,444
Thereafter	-	288
	<u>\$ (742,563)</u>	<u>\$ 8,037</u>

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLANS (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2021, was determined by an actuarial valuation dated July 1, 2021 using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2017 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2021:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.50% to 2.16%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	3.3%	1.1%
Fixed income	20.0%	3.8%	4.1%	3.3%
Global equity	54.2%	8.2%	6.8%	17.8%
Real estate (property)	10.3%	7.1%	6.1%	13.8%
Private equity	10.8%	11.7%	8.4%	26.4%
Strategic investments	3.7%	5.7%	5.7%	8.4%
	100.0%			

Assumed Inflation - Mean		2.4%		1.2%
--------------------------	--	------	--	------

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLAN (CONTINUED)

A – Cost Sharing Multiple Employer Defined Benefit Plans (Continued)

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's proportionate share of the net pension liability	\$ 1,476,842	\$ 330,237	\$ (628,196)	\$ 600,132	\$ 519,102	\$ 452,716

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2021, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

B – Firefighters' Retirement Plan

During December 1995, the City passed a resolution to participate in the Florida Pension Municipal Trust Fund Defined Benefit Plan and Trust for all full-time and volunteer firefighters hired by the City on or after January 1, 1996. All firefighters shall become eligible to participate in the plan immediately when hired. Social Security coverage is also provided to the firefighters.

The following information about the Plan is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Contributions from the Plan's members are recognized as revenue in the period in which the contributions are due. Contributions from the City, as calculated by the Plan's actuary, are recognized as revenue when due and when the City has made a formal commitment to provide contributions. Expenses are recognized in the accounting period incurred, if measurable. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLANS (CONTINUED)

B – Firefighters’ Retirement Plan (Continued)

Pension Plan Description

Name of the pension plan	Retirement Plan for the Firefighters of the City of LaBelle
Legal plan administrator	Board of Trustees of the Retirement Plan for the Firefighters of the City of LaBelle
Plan type	Single-employer defined benefit pension plan
Number of covered individuals	72 (one retired employee or beneficiaries currently receiving benefits; 49 inactive employees entitled to but not yet receiving benefits; 22 active employees)
Contribution requirement	Employer contributions are actuarially determined; employees must contribute 1% of pensionable earnings; employee contribution requirement may be amended by City ordinance, but employer contributions requirement is subject to State minimums
Pension plan reporting	The Plan issues a stand-alone financial report each year which contains information about the Plan’s fiduciary net position. The Plan’s fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting. The report is available to the public at the Plan’s administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302, (800)342-8112. The financial information is included as a Pension Trust Fund in the City’s financial statements.
Description of the Benefits Provided	
Employees covered	Full-time and volunteer firefighters employed by the City of LaBelle
Types of benefits offered	Retirement, disability, and pre-retirement death benefits
Monthly accrued benefit	3% of average final compensation multiplied by credited service
Early retirement adjustment	Early retirement pension is reduced by 3% for each year by which the early retirement precedes the normal retirement date
Disability pension	Larger of monthly accrued benefit or 50% of average final compensation (for service-connected disabilities) Larger of monthly accrued benefit or 25% of average final compensation (for non-service-connected disabilities if the participant has earned at least 10 years of service) Disability benefits are offset as necessary to preclude the total of the disability benefit, worker’s compensation, and other City-provided disability compensation from exceeding average monthly earnings
Pre-retirement death benefit	Basic pension formula payable for 10 years at early or normal retirement age (payable to the beneficiary of a vested participant) Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant)
Normal retirement age	Age 55 with at least 10 years of service, or any age with at least 25 years of service
Early retirement age	Age 50 with at least 10 years of service
Vesting requirement	100% vesting after 10 years of service

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8 – PENSION PLANS (CONTINUED)

B – Firefighters’ Retirement Plan (Continued)

Pension Plan Description (Continued)

Form of payment	Actuarially increased single life annuity 10-year certain and life annuity Actuarially equivalent 50%, 66 ² / ₃ %, 75%, or 100% joint and contingent annuity Any other actuarially equivalent form of payment approved by the Board of Trustees
Average earnings	Average of the highest 5 years of compensation out of the last 10 years
Cost-of-living adjustment	None provided
DROP	A deferred retirement option plan (DROP) is available to those participants who have attained their normal retirement age and individuals may participate in the DROP for up to 60 months; DROP accounts are credited with interest at a flat rate of 6.50% per annum.
Legal authority	The Plan was established effective January 1, 1996, pursuant to City Ordinance and has been amended several times since that date.

Plan Contributions

Funding for the Plan consists of contributions from members, the State of Florida, and the City. Plan members are required to contribute 1% of their annual covered compensation. The City is required to contribute the remaining amount to fund the Plan based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Plan members during the year. For the fiscal year ended September 30, 2020, the City’s contribution rate averaged 24.19% of annual covered payroll. Plan provisions and contribution rates may be amended by the City Commission based upon the recommendations of the Board of Trustees, subject to minimum requirements of Florida Statutes.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government’s actuarial report prior to its being appropriated for use for funding purposes.

Pursuant to Chapters 175 and 185 of Florida Statutes, premium taxes on certain property and casualty insurance contracts written on City properties is collected by the State and is remitted to the Plan. This amount totaled \$11,161 for the fiscal year ended September 30, 2020.

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was estimated to be 6.62%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

Determination of the Long-term Expected Rate of Return on Plan Assets

The long-term expected rates of return on classes of pension plan investments were developed by the investment consultant Asset Consulting Group (ACG) using Monte Carlo Simulations to analyze a range of possible outcomes and assist in making educated investment decisions. The output of the Monte Carlo Simulations is based on ACG’s capital market assumptions that are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions. The long-term expected rate of return was calculated by weighting the expected future real rates of return of each asset class by the target asset allocation percentage and by adding expected inflation.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLANS (CONTINUED)

B – Firefighters’ Retirement Plan (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension’s target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Allocation Policy	Long-Term Expected Real Rate of Return
Core bonds	15%	1.60%
Core plus	15%	2.10%
U.S. large cap equity	25%	4.60%
U.S. small cap equity	14%	5.50%
Non U.S. equity	21%	6.70%
Core real estate	10%	5.00%
Total (weighted avg. rounded to 1/4%)	100%	4.38%

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Asset

The components of the net pension asset of the City as of September 30, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a-b)
Balances at September 30, 2020	\$ 885,909	\$ 1,991,109	\$ (1,105,200)
Changes for the year:			
Service cost	40,700	-	40,700
Interest	63,384	-	63,384
Differences between expected and actual experience	(16,329)	-	(16,329)
Assumption changes	(19,343)	-	(19,343)
Benefit payments and refunds	(102,058)	(102,058)	-
Contributions - employer and state	-	55,673	(55,673)
Contributions - participants	-	1,928	(1,928)
Net investment income	-	387,035	(387,035)
Administrative expenses	-	(13,652)	13,652
Net change	(33,646)	328,926	(362,572)
Balances at September 30, 2021	\$ 852,263	\$ 2,320,035	\$ (1,467,772)

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLANS (CONTINUED)

B – Firefighters’ Retirement Plan (Continued)

Total pension liability	\$ 852,263
Plan fiduciary net position	<u>(2,320,035)</u>
City's net pension liability (asset)	<u>\$ (1,467,772)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	272.22%

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

The following represents the net pension asset of the City, calculated using the discount rate of 7%, as well as what the City’s net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
City's Net Pension Liability (Asset)	<u>\$ (1,037,040)</u>	<u>\$ (1,467,772)</u>	<u>\$ (1,279,518)</u>

At September 30, 2021, the City reported a net pension asset of \$1,467,772 for the Firefighters’ Retirement Plan. The liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2020. The City’s net pension asset was based on a projection of the pension plan relative to the projected contributions during the fiscal year ended September 30, 2021.

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$190,611. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,166	\$ 118,720
Change of assumptions	19,610	18,216
Net difference between projected and actual earnings on Plan investments	-	227,534
Total	<u>\$ 37,776</u>	<u>\$ 364,470</u>

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

Year ended September 30,	
2022	\$ (70,504)
2023	(65,000)
2024	(66,241)
2025	(63,525)
2026	(9,434)
Thereafter	<u>(51,990)</u>
Total	<u>\$ (326,694)</u>

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 8 – PENSION PLANS (CONTINUED)

B – Firefighters’ Retirement Plan (Continued)

Significant actuarial assumptions used in the October 1, 2020 valuation are as follows:

Inflation	None
Salary Increases	4.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%
Actuarial Valuation Date	10/1/2020

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and employee.

Applicable totals for all of the City’s defined benefit pension plans are reflected below:

	Pension Trust Fund	FRS Pension	HIS Pension	Total
City's net pension liability	\$ -	\$ 330,237	\$519,102	\$ 849,339
City's net pension asset	(1,467,772)	-	-	(1,467,772)
Deferred outflows of resources	37,776	483,107	76,451	597,334
Deferred inflows of resources	364,470	1,153,261	55,685	1,573,416
Pension expense	190,611	40,149	30,852	261,612

NOTE 9 – DEFERRED COMPENSATION PLAN

Employees of the City may defer a portion of their compensation under the City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until the funds are distributed to them. The laws governing deferred compensation plans require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Because the assets held under these plans are not the City’s property and are not subject to City Commission control, they have been excluded from these financial statements.

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description

The City of LaBelle’s Retiree Health Care Plan (Plan) is a single-employer benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City’s plan. For purposes of applying Paragraph 4 under GASB 75, the plan does not meet the requirements for an OPEB plan administered through a trust. This conforms with the minimum requirement for governmental employers under Florida state law. The City’s contributions to active employees is limited to a fixed dollar contribution as approved by the City Commission, and the City is not required to contribute any additional amounts to provide benefits. Funding is on a "pay as you go" basis. The plan does not issue a publicly available financial report.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Benefits Provided

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Medicare is assumed to become primary upon attainment of age 65.

Employees Covered by Benefit Terms

At September 30, 2021, the following employees were covered by the benefit terms:

Active participants	28
Retirees, beneficiaries, and disabled members	5
Covered spouses	-
Total	<u>33</u>

Total OPEB Liability of the City

The City's total OPEB liability was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2021.

Actuarial Assumptions

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Discount rate	2.43%
Salary increase	2.50%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

CITY OF LABELLE, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2021 were as follows:

	Total OPEB Liability
Balances at September 30, 2020	\$ 136,786
Changes for the year:	
Service cost	7,115
Interest on the total OPEB liability	2,981
Expected and actual experience differences	(58,135)
Changes in assumptions and other inputs	1,509
Benefit payments	(9,188)
Net changes	(55,718)
Balances at September 30, 2021	\$ 81,068

Changes of assumptions reflect a change in the discount rate from 2.14% for the fiscal year ending September 30, 2020 to 2.43% for the fiscal year ending September 30, 2021. Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

The required schedule of changes in the City's total OPEB liability and related ratios in the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 1.43%	Current Discount Rate 2.43%	1% Increase 3.43%
Total OPEB liability	\$ 90,142	\$ 81,068	\$ 73,417

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rate 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB liability	\$ 73,044	\$ 81,068	\$ 90,640

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended September 30, 2021, the City recognized OPEB benefit of \$42,410. At September 30, 2021, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants and Assistance

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

Litigation

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

Interlocal Agreements

The City has entered into written agreements with Hendry County to provide fire protection and animal control services to the western part of Hendry County. The duration of the interlocal agreements is effectively continuous until terminated by either party. The City agrees to operate the fire and animal control departments and provide fire protection and animal control services in the area covered by the agreements. The City prepares annual joint budgets to be approved by the City and County. The joint budgets are submitted to the City and County before August 1. The interlocal agreement for the fire department was temporarily terminated during August 2006. On December 14, 2006, the City and County signed a new interlocal agreement for joint operation and funding of the fire department. Under the agreement, the County pays for its percentage of fire calls during the previous five-year period. After a study of the origin of fire calls, the entities agreed that the County would provide 60.5% of the jointly approved budget for the fire department for the fiscal year ended September 30, 2020. As in previous years, the County provided 50% of the animal control budget. The City provided the remaining funds for each department for the fiscal year ended September 30, 2021. The expenditures of the fire department and animal control department will be audited annually to determine the actual expenses during the immediate preceding fiscal year. If there is a deficit, each party will contribute proportionally to make up the deficit and if there is an overage, each party will receive a proportional refund. A schedule to determine compliance with the interlocal agreements is included in the supplemental schedules to the financial statements.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 12 – RISK MANAGEMENT

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

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

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

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

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The City determined that restatements to beginning net position of governmental activities were required to correct errors in the September 30, 2020 financial report. Amounts due from other governments were duplicated in the September 30, 2020 financial statements. As it relates to both governmental activities and the General Fund, an adjustment to reduce beginning net position and fund balance, respectively, in the amount of \$244,818 was required as of September 30, 2020. The restatements are as follows:

	Governmental Activities
Net position, as previously reported	\$ 10,135,560
Adjustment to remove duplicate accounts receivable	(244,818)
Net position, as restated	<u>\$ 9,890,742</u>
	General Fund
Fund balance, as previously reported	\$ 3,939,263
Adjustment to remove duplicate accounts receivable	(244,818)
Fund balance, as restated	<u>\$ 3,694,445</u>

NOTE 14 – SUBSEQUENT EVENT

The City has evaluated all subsequent events through July 13, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF LABELLE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,831,631	\$ 2,831,631	\$ 2,989,573	\$ 157,942
Licenses and permits	360,000	360,000	517,411	157,411
Intergovernmental revenues	472,458	472,458	714,159	241,701
Charges for services	488,263	488,263	531,656	43,393
Fines and forfeitures	27,000	27,000	38,264	11,264
Investment earnings	3,500	3,500	6,730	3,230
Miscellaneous revenues	647,800	647,800	218,578	(429,222)
Total revenues	<u>4,830,652</u>	<u>4,830,652</u>	<u>5,016,371</u>	<u>185,719</u>
Expenditures				
Current				
General government	1,378,971	1,378,971	1,572,544	(193,573)
Public safety	1,252,935	1,252,935	849,467	403,468
Transportation	1,039,389	1,039,389	918,537	120,852
Physical environment	19,953	19,953	22,735	(2,782)
Economic environment	-	-	416,074	(416,074)
Culture and recreation	372,767	372,767	490,060	(117,293)
Human services	192,427	192,427	247,353	(54,926)
Debt service				
Principal retirement	49,035	49,035	53,455	(4,420)
Interest	8,145	8,145	9,281	(1,136)
Capital outlay	467,030	467,030	-	467,030
Total expenditures	<u>4,780,652</u>	<u>4,780,652</u>	<u>4,579,506</u>	<u>201,146</u>
Excess of revenues over expenditures	<u>50,000</u>	<u>50,000</u>	<u>436,865</u>	<u>386,865</u>
Other financing uses				
Transfers out	(50,000)	(50,000)	-	50,000
Total other financing uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Change in fund balance	-	-	436,865	436,865
Fund balance, beginning of year, as restated	<u>3,694,445</u>	<u>3,694,445</u>	<u>3,694,445</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,694,445</u>	<u>\$ 3,694,445</u>	<u>\$ 4,131,310</u>	<u>\$ 436,865</u>

CITY OF LABELLE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>
City's proportion of the FRS net pension liability	0.0043718%	0.0043626%	0.0040202%	0.0038568%
City's proportionate share of the FRS net pension liability	\$ 330,237	\$ 1,890,526	\$ 1,384,184	\$ 1,161,363
City's covered payroll	\$ 1,498,168	\$ 1,554,226	\$ 1,563,625	\$ 1,483,044
City's proportionate share of the pension liability as a percentage of its covered payroll	22.04%	121.64%	88.52%	78.31%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	83.27%	84.25%
Reporting period ending Measurement date	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the FRS net pension liability	0.0031426%	0.0030582%	0.003188532%	0.003087447%
City's proportionate share of the FRS net pension liability	\$ 929,552	\$ 772,210	\$ 411,842	\$ 188,380
City's covered payroll	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
City's proportionate share of the pension liability as a percentage of its covered payroll	62.56%	53.45%	30.84%	13.85%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.89%	84.88%	92.00%	96.09%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>
Contractually required FRS contribution	\$ 193,499	\$ 221,618	\$ 192,566	\$ 178,536
FRS contributions in relation to the contractually required FRS contribution	<u>193,499</u>	<u>221,618</u>	<u>192,566</u>	<u>178,536</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,877,539	\$ 1,554,226	\$ 1,563,625	\$ 1,483,044
FRS contributions as a percentage of covered payroll	10.31%	14.26%	12.32%	12.04%
Reporting period ending Measurement date	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
Contractually required FRS contribution	\$ 146,402	\$ 136,886	\$ 131,817	\$ 129,288
FRS contributions in relation to the contractually required FRS contribution	<u>146,402</u>	<u>136,886</u>	<u>131,817</u>	<u>129,288</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
FRS contributions as a percentage of covered payroll	9.85%	9.47%	9.87%	9.50%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>	<u>9/30/2018</u> <u>6/30/2018</u>
City's proportion of the HIS net pension liability	0.004231866%	0.004467684%	0.004584439%	0.004626800%
City's proportionate share of the HIS net pension liability	\$ 519,102	\$ 545,497	\$ 512,953	\$ 489,706
City's covered payroll	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
City's proportionate share of the pension liability as a percentage of its covered payroll	34.94%	37.76%	38.42%	35.99%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%	2.15%
Reporting period ending Measurement date	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the HIS net pension liability	0.004607121%	0.004525607%	0.004418111%	0.004582470%
City's proportionate share of the HIS net pension liability	\$ 492,615	\$ 527,441	\$ 450,578	\$ 428,472
City's covered payroll	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
City's proportionate share of the pension liability as a percentage of its covered payroll	33.15%	36.51%	33.74%	31.49%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.64%	0.97%	0.50%	0.99%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending Measurement date	9/30/2021 6/30/2021	9/30/2020 6/30/2020	9/30/2019 6/30/2019	9/30/2018 6/30/2018
Contractually required HIS contribution	\$ 30,978	\$ 25,800	\$ 25,956	\$ 24,619
HIS contributions in relation to the contractually required HIS contribution	<u>30,978</u>	<u>25,800</u>	<u>25,956</u>	<u>24,619</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,877,539	\$ 1,554,226	\$ 1,563,625	\$ 1,483,044
HIS contributions as a percentage of covered payroll	1.65%	1.66%	1.66%	1.66%

Reporting period ending Measurement date	9/30/2017 6/30/2017	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Contractually required HIS contribution	\$ 24,666	\$ 23,982	\$ 18,154	\$ 16,530
HIS contributions in relation to the contractually required HIS contribution	<u>24,666</u>	<u>23,982</u>	<u>18,154</u>	<u>16,530</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.36%	1.21%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY
 AND RELATED RATIOS - PENSION TRUST FUND

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020
Total pension liability						
Interest on total pension liability	\$ 772,612	\$ 786,296	\$ 822,797	\$ 831,801	\$ 886,595	\$ 886,595
Differences between expected and actual experience	(81,151)	(295,687)	(183,367)	514,628	(165,205)	(165,205)
Changes in assumptions	373,079	94,020	-	-	-	-
Benefit payments, including refunds of member contributions	(438,937)	(467,103)	(491,350)	(530,225)	(597,092)	(597,092)
Net change in total pension liability	625,603	117,526	148,080	816,204	124,298	124,298
Total pension liability - beginning	11,256,782	11,882,385	11,999,911	12,147,991	12,964,195	13,088,493
Total pension liability - ending (a)	<u>\$ 11,882,385</u>	<u>\$ 11,999,911</u>	<u>\$ 12,147,991</u>	<u>\$ 12,964,195</u>	<u>\$ 13,088,493</u>	<u>\$ 13,212,791</u>
Plan fiduciary net position						
Contributions - employer	\$ 126,960	\$ 122,907	\$ 106,286	\$ 81,053	\$ 79,681	\$ 79,681
Net investment income	(19,352)	1,105,728	1,389,749	1,175,403	403,680	403,680
Benefit payments, including refunds of employee contributions	(438,937)	(467,103)	(491,350)	(530,225)	(597,092)	(597,092)
Administrative expenses	(8,373)	(17,020)	(8,812)	(8,994)	(8,647)	(8,647)
Net change in plan fiduciary net position	(339,702)	744,512	995,873	717,237	(122,378)	(122,378)
Plan fiduciary net position - beginning	10,436,417	10,096,715	10,841,227	11,837,100	12,554,337	12,431,959
Plan fiduciary net position - ending (b)	<u>\$ 10,096,715</u>	<u>\$ 10,841,227</u>	<u>\$ 11,837,100</u>	<u>\$ 12,554,337</u>	<u>\$ 12,431,959</u>	<u>\$ 12,309,581</u>
City's net pension liability - ending (a) - (b)	<u>\$ 1,785,670</u>	<u>\$ 1,158,684</u>	<u>\$ 310,891</u>	<u>\$ 409,858</u>	<u>\$ 656,534</u>	<u>\$ 903,210</u>
Plan fiduciary net position as a percentage of the total pension liability	84.97%	90.34%	97.44%	96.84%	94.98%	93.16%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
PENSION TRUST FUND**

	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>
Actuarially determined contribution	\$ 22,172	\$ -	\$ -	\$ 43,659	\$ 58,721	\$ 38,682	\$ 23,039	\$ 23,868
Contributions in relation to the actuarially determined contribution	26,587	26,824	28,973	34,725	39,936	42,586	48,744	57,025
Contribution deficiency (excess)	<u>\$ (4,415)</u>	<u>\$ (26,824)</u>	<u>\$ (28,973)</u>	<u>\$ 8,934</u>	<u>\$ 18,785</u>	<u>\$ (3,904)</u>	<u>\$ (25,705)</u>	<u>\$ (33,157)</u>
Covered payroll	\$131,000	\$136,761	\$ 136,761	\$ 151,296	\$ 173,465	\$ 173,465	\$ 143,707	\$ 162,173
Contributions as a percentage of covered payroll	20.30%	19.61%	21.19%	22.95%	23.02%	24.55%	33.92%	35.16%

Notes to the Schedule:

Valuation date: October 1, 2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method

Amortization method: Level percentage of pay, closed

Remaining amortization period: 5 years (as of 10/1/2019)

Mortality: RP-2000 Generational White Collar Annuitant using Scale BB for females

RP2000 - Generational Blended 50% White Collar and 50% Blue Collar Annuitant using Scale BB for Males

Interest rate: 7.00% per year, compounded annually, net of investment-related expenses.

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

Inactives: Normal Retirement Date

Early retirement: Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Disability and termination rates: 1987 Commissioner's Group Disability Table

Salary increases: None

Payroll growth: None

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

The schedule will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURNS
PENSION TRUST FUND

	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>
Pension Trust Fund:								
Annual money-weighted rate of return, net of investment expenses	8.42%	-0.08%	8.11%	13.38%	7.47%	5.45%	6.62%	19.44%

Notes to the Schedules:

The schedules will present 10 years of information once it is accumulated.

CITY OF LABELLE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS

Measurement year ended September 30,	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 7,115	\$ 5,682	\$ 10,337	\$ 11,013
Interest on the total OPRB liability	2,981	4,246	9,985	8,973
Differences between expected and actual experience	(58,135)	-	(67,087)	-
Changes of assumptions	1,509	18,218	(58,746)	(15,831)
Benefit payments	(9,188)	(8,547)	(11,560)	(10,654)
Net change in total OPEB liability	(55,718)	19,599	(117,071)	(6,499)
Total OPEB liability - beginning	136,786	117,187	234,258	240,757
Total OPEB liability - ending	\$ 81,068	\$ 136,786	\$ 117,187	\$ 234,258
Covered-employee payroll	\$ 906,079	\$ 1,299,888	\$ 1,268,184	\$ 1,578,737
City's total OPEB liability as a percentage of covered-employee payroll	8.95%	10.52%	9.24%	14.84%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

Fiscal Year Ending September 30, 2021:	2.43%
Fiscal Year Ending September 30, 2020:	2.14%
Fiscal Year Ending September 30, 2019:	3.58%

CITY OF LABELLE, FLORIDA

**SCHEDULE TO DETERMINE COMPLIANCE WITH INTERLOCAL
FIRE PROTECTION AND ANIMAL CONTROL AGREEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Departmental expenditures of revenues, expenditures, and changes in fund balances of governmental funds	<u>Fire Protection</u>	<u>Animal Control</u>
Expenditures - current	\$ 482,079	\$ 247,353
Expenditures - debt service (fire trucks)	<u>53,455</u>	<u>-</u>
Total departmental expenditures	535,534	247,353
Hendry County's percentage of net department expenditures per agreement	60.50%	50.00%
Portion of fire department expenditures to be paid by Hendry County	323,998	123,677
Total previously received from Hendry County for services	<u>332,725</u>	<u>115,920</u>
Amount due from (to) Hendry County for the fiscal year ended September 30, 2021	<u>\$ (8,727)</u>	<u>\$ 7,757</u>

CITY OF LABELLE, FLORIDA

**SCHEDULE OF REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES
UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Water System</u>	<u>Sewer System</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating revenues				
Charges for services	\$ 2,155,140	\$ 941,864	\$ 1,039,543	\$ 4,136,547
Miscellaneous	4,233	-	-	4,233
Total operating revenues	<u>2,159,373</u>	<u>941,864</u>	<u>1,039,543</u>	<u>4,140,780</u>
Operating expenses				
Administrative	295,838	(5,322)	896,474	1,186,990
Treatment plants	696,249	-	-	696,249
Water distribution	292,980	-	-	292,980
Wastewater collection	3,393	1,058,762	-	1,062,155
Depreciation	706,528	522,579	-	1,229,107
Total operating expenses	<u>1,994,988</u>	<u>1,576,019</u>	<u>896,474</u>	<u>4,467,481</u>
Operating (loss)	<u>164,385</u>	<u>(634,155)</u>	<u>143,069</u>	<u>(326,701)</u>
Nonoperating revenues (expenses)				
Investment earnings	5,364	3,232	290	8,886
Interest expense	(293,951)	(154,807)	-	(448,758)
Total nonoperating revenues (expenses)	<u>(288,587)</u>	<u>(151,575)</u>	<u>290</u>	<u>(439,872)</u>
(Loss) before capital contributions	(124,202)	(785,730)	143,359	(766,573)
Capital contributions	<u>62,382</u>	<u>15,796</u>	<u>-</u>	<u>78,178</u>
Change in net position	<u>\$ (61,820)</u>	<u>\$ (769,934)</u>	<u>\$ 143,359</u>	<u>\$ (688,395)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER REPORTS

THIS PAGE INTENTIONALLY LEFT BLANK



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

Honorable Mayor and Members of
the City Commission,
City of LaBelle, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaBelle, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 13, 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) as a basis for designing 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 responses as 2021-001, 2021-002, and 2021-003 to be material weaknesses.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Bradenton, Florida
July 13, 2022

Mauldin & Jenkins, LLC

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting: Material weaknesses identified?	<u> X </u> yes	___ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes	<u> X </u> no
Noncompliance material to financial statements noted?	___ yes	<u> X </u> no

Federal and State Single Audits were not required as the City did not expend greater than \$750,000 of federal or state funds during the year ended September 30, 2021.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2021-001. Journal Entries and Internal Control Over Financial Reporting (Material Weakness)

Criteria: To ensure that financial statements properly present the financial position and results of operations of the City in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to City Council and management, the City should ensure that all accounts are properly reflected at year-end. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations, and that balance sheet accounts are properly supported.

Condition: During testing of the City's balance sheets, we noted numerous material adjustments needed within accounts receivable, accounts payable, accrued liabilities, debt accounts, due to other governments, interfund accounts and deposits liabilities.

Context/Cause: Finance Department oversight caused these accounts to be misstated.

Effect: Audit adjustments were required to be posted within the General Fund, Utility Fund, and Pension Trust Fund as noted above, for the fair presentation of the financial statements.

Recommendation: We recommend that the City implement a review process on all accounts and reconciliations to better identify any potential errors. We also recommend the City evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by appropriate levels of management.

View of Responsible Officials and Planned Corrective Action: We concur with the finding and corrections made and intend on adjusting our year-end close process to ensure proper review.

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-002. Prior Period Adjustment (Material Weakness)

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified material balances that were recorded prior to the beginning of fiscal year 2021 that were not properly recorded.

Condition: Receivables due from other governments recorded in the General Fund were duplicated as of September 30, 2020 in the amount of \$244,818.

Context: Our testing identified that the City recorded the same accounts receivable due from other governments within two general ledger accounts thereby overstating the total balance as of the prior year-end.

Effect: Adjustments to decrease the beginning fund balance of the General Fund in the amount of \$244,818 and to decrease the beginning net position of the Governmental Activities in the same amount were required in order for the financial statements to be free of material misstatement.

Recommendation: We recommend the City implement controls over the year-end close process to ensure that all receivables are properly recorded and reviewed by responsible officials to ensure misstatements are not reported.

View of Responsible Officials and Planned Corrective Action: We concur with the finding and corrections made and intend on adjusting our year-end close process to ensure proper review.

2021-003. Journal Entry Approval Process (Material Weakness)

Criteria: Internal controls should be in place to provide reasonable assurance that all transactions are recorded in accordance with accounting principles generally accepted in the United States of America. As part of the audit process, we identified the lack of independent approval displayed in the journal entries of City of LaBelle.

Condition: The support documentation for the Test of Journal Entries exhibits the lack of the internal control, Independent Approval. In addition, we cannot confirm valid support documents were noted for the selected entries. There are no support documents for any sample journal entries. The General Ledger Posting Reference Report is the only supporting document available to perform the testing of journal entries.

Context: Our testing identified that the City records journal entries without granting independent approval. Independent approvals are used as a preventive measure of internal control by the City. Therefore, the lack of independent approval process is considered a deviation in this test. The lack of documentation for corrective journal entries is also considered a deviation in this test. We cannot vouch the journal entries since supporting documents were not provided.

Effect: The appropriateness of journal entries recorded in the general ledger may be questionable without the independent approval process in place. The lack of internal control may allow for potential misconduct to occur without raising attention. Adjustments made to the internal controls to implement an independent approval process is required. In addition, adjustments to track journal entry support documents must be made.

Recommendation: We recommend the City to implement controls over the journal entry process to ensure that all journal entries are recorded in the proper period with the proper approval, and kept with the appropriate support documents.

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-004. Interfund Activity (Management Letter Comment)

Criteria: Internal controls should be in place to support effective and efficient processing of transactions to support a financial reporting framework that provides decision makers with the ability to make timely decisions. As part of the audit process, we noted that the City maintained significant interfund balances as of September 30, 2021.

Condition: During our testing of interfund activity, we noted that the City's General Fund reported net interfund receivable amounts of approximately \$843 thousand owed by the City's Utility Fund, which reported interfund liability amounts of the same amount.

Context: Per discussions with management, these balances have accumulated over time and have decreased some from that of the prior year.

Effect: While there is no income statement impact, as of September 30, 2021, significant Interfund balances were maintained that need to be settled by the City's Accounting staff.

Recommendation: We recommend the City implement a pooled cash system that allows for these amounts to be processed automatically through its general ledger system. This would provide a more efficient approach to reporting the true cash and interfund balances within each fund. Additionally, it will reduce the burden of reconciling multiple bank accounts each month, as only one reconciliation would be necessary.

SECTION III
FEDERAL AWARD AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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

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

Auditee Response/Status: Substantially repeated as current year finding number 2021-001.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the City Commission,
City of LaBelle, Florida

Report on the Financial Statements

We have audited the financial statements of the City of LaBelle, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated July 13, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, 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 July 13, 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 financial audit report. Finding 2009-1 was substantially repeated as finding 2021-001 in the current year report.

Official Title and Legal Authority

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

Financial Condition

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted item 2021-004 as noted in the schedule of findings and responses.

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



Bradenton, Florida
July 13, 2022



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of
the City Commission,
City of LaBelle, Florida

We have examined the City of LaBelle, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 year ended September 30, 2021.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida
July 13, 2022

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

THIS PAGE INTENTIONALLY LEFT BLANK