

**CITY OF LABELLE, FLORIDA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**

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CITY OF LABELLE, FLORIDA

ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit schedules on pages 4 through 9 and 55 through 63, respectively, 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.

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**Supplementary 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 Schedule to Determine Compliance with Interlocal Fire Protection and Animal Control Agreements and Schedule of Revenues and Expenses – Business-Type Activities – Utility Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule to Determine Compliance with Interlocal Fire Protection and Animal Control Agreements and Schedule of Revenues and Expenses – Business-Type Activities – Utility Fund are 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 September 27, 2023, 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  
September 27, 2023

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# CITY OF LABELLE, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

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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, 2022. 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 10) and notes to the financial statements (pages 22-54).

### HIGHLIGHTS

**Financial Highlights for the Fiscal Year Ended September 30, 2022 and Subsequent Financial Information are shown below:**

1. The City's overall net position increased by \$1,364,648.
2. The total cost of all the City's programs was \$10,036,326, which was \$1,252,986 more than the prior year.
3. The City's governmental activities increased net position by \$606,555 as a result of excess revenues over expenses.
4. During the year, the City had expenses of \$4,623,979 for governmental activities, which was \$756,878 greater than the prior year.
5. The City's business-type activities increased net position by \$758,093 primarily as a result of capital contributions of \$1,670,282.

### 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.

**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).

## CITY OF LABELLE, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

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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 10 and 11 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 one individual governmental fund – the General Fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

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

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 utility operations, which is considered to be a major fund.

**CITY OF LABELLE, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

The basic proprietary fund financial statements can be found on pages 16 through 19 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 22 through 54 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 \$29,520,587 (net position) at September 30, 2022.

\$21.5 million (73%) 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 8,578,668	\$ 7,108,031	\$ 4,756,013	\$ 3,665,186	\$ 13,334,681	\$ 10,773,217
Capital assets	7,471,263	7,309,760	28,949,293	29,773,197	36,420,556	37,082,957
Total assets	<u>16,049,931</u>	<u>14,417,791</u>	<u>33,705,306</u>	<u>33,438,383</u>	<u>49,755,237</u>	<u>47,856,174</u>
Total deferred outflows of resources	<u>691,534</u>	<u>413,714</u>	<u>226,033</u>	<u>183,620</u>	<u>917,567</u>	<u>597,334</u>
Other liabilities	2,902,780	1,513,810	661,478	822,033	3,564,258	2,335,843
Long-term liabilities	2,021,719	1,130,639	15,329,902	15,257,671	17,351,621	16,388,310
Total liabilities	<u>4,924,499</u>	<u>2,644,449</u>	<u>15,991,380</u>	<u>16,079,704</u>	<u>20,915,879</u>	<u>18,724,153</u>
Total deferred inflows of resources	<u>200,052</u>	<u>1,176,697</u>	<u>36,286</u>	<u>396,719</u>	<u>236,338</u>	<u>1,573,416</u>
Net position:						
Net investment in capital assets	7,103,486	7,062,434	14,406,014	14,891,845	21,509,500	21,954,279
Restricted	-	-	2,662,538	3,094,783	2,662,538	3,094,783
Unrestricted	4,513,428	3,947,925	835,121	(841,048)	5,348,549	3,106,877
Total net position	<u>\$ 11,616,914</u>	<u>\$ 11,010,359</u>	<u>\$ 17,903,673</u>	<u>\$ 17,145,580</u>	<u>\$ 29,520,587</u>	<u>\$ 28,155,939</u>

**CITY OF LABELLE, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

A portion of the City's net position, \$2.7 million (9%), represents resources that are subject to restrictions on how they may be used. The unrestricted portion of net position, \$5.3 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, 2022. The overall increase in the City's net position was \$1.4 million (4.8%) during the year.

**City of LaBelle, Florida's Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 766,670	\$ 729,581	\$ 4,493,917	\$ 4,140,780	\$ 5,260,587	\$ 4,870,361
Operating grants and contributions	56,410	-	-	-	56,410	-
Capital grants and contributions	77,972	238,624	1,670,282	78,178	1,748,254	316,802
General revenues:						
Property taxes	1,012,297	920,663	-	-	1,012,297	920,663
Intergovernmental	3,202,862	2,872,542	-	-	3,202,862	2,872,542
Investment income	4,548	6,730	6,241	8,886	10,789	15,616
Miscellaneous	109,775	218,578	-	-	109,775	218,578
Total revenues	5,230,534	4,986,718	6,170,440	4,227,844	11,400,974	9,214,562
Operating expenses:						
General government	1,813,379	1,458,896	-	-	1,813,379	1,458,896
Public safety	1,023,317	467,160	-	-	1,023,317	467,160
Physical environment	987,607	1,015,289	-	-	987,607	1,015,289
Transportation	36,655	37,013	-	-	36,655	37,013
Culture and recreation	455,821	545,140	-	-	455,821	545,140
Economic environment	-	89,210	-	-	-	89,210
Human services	298,962	245,112	-	-	298,962	245,112
Interest on long-term debt	8,238	9,281	-	-	8,238	9,281
Water system	-	-	2,926,794	2,288,938	2,926,794	2,288,938
Sewer system	-	-	1,315,227	1,730,827	1,315,227	1,730,827
Solid waste	-	-	1,170,326	896,474	1,170,326	896,474
Total operating expenses	4,623,979	3,867,101	5,412,347	4,916,239	10,036,326	8,783,340
Change in net position	606,555	1,119,617	758,093	(688,395)	1,364,648	431,222
Net position, beginning,	11,010,359	9,890,742	17,145,580	17,833,975	28,155,939	27,724,717
Net position, ending	\$ 11,616,914	\$ 11,010,359	\$ 17,903,673	\$ 17,145,580	\$ 29,520,587	\$ 28,155,939

**CITY OF LABELLE, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**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, 2022 is \$36.4 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, 2022 of \$662 thousand due mostly to depreciation expense.

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land and improvements	\$ 4,139,129	\$ 4,139,129	\$ 1,466,338	\$ 1,466,338	\$ 5,605,467	\$ 5,605,467
Construction in progress	126,629	-	21,779	589,411	148,408	589,411
Buildings	3,093,775	2,879,714	-	-	3,093,775	2,879,714
Equipment, furniture, and fixtures	4,436,307	4,197,041	813,494	813,494	5,249,801	5,010,535
Infrastructure	3,667,914	3,667,914	-	-	3,667,914	3,667,914
Treatment plans and systems	-	-	45,363,888	44,389,837	45,363,888	44,389,837
Less accumulated depreciation	(7,992,491)	(7,574,038)	(18,716,206)	(17,485,883)	(26,708,697)	(25,059,921)
Total capital assets	<u>\$ 7,471,263</u>	<u>\$ 7,309,760</u>	<u>\$ 28,949,293</u>	<u>\$ 29,773,197</u>	<u>\$ 36,420,556</u>	<u>\$ 37,082,957</u>

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

**Long-term debt.** At September 30, 2022, the City had total long-term liabilities outstanding of \$17.4 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	
	2022	2021	2022	2021	2022	2021
Notes payable	\$ 126,000	\$ -	\$ 118,279	\$ 131,352	\$ 244,279	\$ 131,352
Bonds payable	241,777	247,326	14,425,000	14,750,000	14,666,777	14,997,326
Net pension liability	1,487,273	570,626	726,434	278,713	2,213,707	849,339
Total OPEB liability	42,111	51,816	24,252	29,252	66,363	81,068
Compensated absences	124,558	260,871	35,937	68,354	160,495	329,225
Total debt	<u>\$ 2,021,719</u>	<u>\$ 1,130,639</u>	<u>\$ 15,329,902</u>	<u>\$ 15,257,671</u>	<u>\$ 17,351,621</u>	<u>\$ 16,388,310</u>

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, 2022

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#### **Economic Factors and Next Year's Budget and Rates**

The City Commission considered many factors while determining the fiscal year 2024 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 3.8% in December 2022, which was a decrease from 4.2% in December 2021.

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. 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 continues 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 City has added projects to install new water and sewer lines to the western quadrant of the city to allow for expansion of homes and businesses. Design and Planning began in 2022.

The current real estate market and general economy in Hendry County has slowed due to home inventory. Higher cost in insurance and property taxes had a major impact for new homeowners. New home construction activity continues to help the economy and several projects have been permitted and are in the construction phase. The City of LaBelle is optimistic and continues to look ahead to new opportunities.

#### **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**

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**CITY OF LABELLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,488,166	\$ 2,127,348	\$ 8,615,514
Accounts receivables, net	69,633	410,642	480,275
Due from other governments	121,857	-	121,857
Internal balances	793,240	(793,240)	-
Restricted asset, cash and cash equivalents	-	3,011,263	3,011,263
Net pension asset	1,105,772	-	1,105,772
Capital assets			
Non-depreciable	4,265,758	1,488,117	5,753,875
Depreciable, net	3,205,505	27,461,176	30,666,681
<b>Total assets</b>	<b>16,049,931</b>	<b>33,705,306</b>	<b>49,755,237</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	691,534	226,033	917,567
<b>Total deferred outflows of resources</b>	<b>691,534</b>	<b>226,033</b>	<b>917,567</b>
<b>Liabilities</b>			
Accounts payable	244,108	274,596	518,704
Accrued liabilities	30,059	724	30,783
Accrued interest payable	-	37,433	37,433
Customer deposits payable	13,025	348,725	361,750
Unearned revenue	2,615,588	-	2,615,588
Noncurrent liabilities			
Due within one year	160,413	382,367	542,780
Due in more than one year	1,861,306	14,947,535	16,808,841
<b>Total liabilities</b>	<b>4,924,499</b>	<b>15,991,380</b>	<b>20,915,879</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	200,052	36,286	236,338
<b>Total deferred inflows of resources</b>	<b>200,052</b>	<b>36,286</b>	<b>236,338</b>
<b>Net position</b>			
Net investment in capital assets	7,103,486	14,406,014	21,509,500
Restricted for			
Capital improvements	-	1,140,891	1,140,891
Debt service	-	1,521,647	1,521,647
Unrestricted	4,513,428	835,121	5,348,549
<b>Total net position</b>	<b>\$ 11,616,914</b>	<b>\$ 17,903,673</b>	<b>\$ 29,520,587</b>

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, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total	
<b>Functions/programs</b>							
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 1,813,379	\$ 150,948	\$ -	\$ -	\$ (1,662,431)	\$ -	\$ (1,662,431)
Public safety	1,023,317	484,045	-	77,972	(461,300)	-	(461,300)
Transportation	987,607	-	56,410	-	(931,197)	-	(931,197)
Physical environment	36,655	-	-	-	(36,655)	-	(36,655)
Culture and recreation	455,821	28,128	-	-	(427,693)	-	(427,693)
Human services	298,962	103,549	-	-	(195,413)	-	(195,413)
Interest on long-term debt	8,238	-	-	-	(8,238)	-	(8,238)
Total governmental activities	4,623,979	766,670	56,410	77,972	(3,722,927)	-	(3,722,927)
<b>Business-type activities:</b>							
Water	2,926,794	2,083,509	-	358,093	-	(485,192)	(485,192)
Sewer	1,315,227	1,241,032	-	1,312,189	-	1,237,994	1,237,994
Solid waste	1,170,326	1,169,376	-	-	-	(950)	(950)
Total business-type activities	5,412,347	4,493,917	-	1,670,282	-	751,852	751,852
Total primary government	\$ 10,036,326	\$ 5,260,587	\$ 56,410	\$ 1,748,254	(3,722,927)	751,852	(2,971,075)
General revenues							
Property taxes					1,012,297	-	1,012,297
Gas taxes					340,457	-	340,457
Sales taxes					297,070	-	297,070
Communication services					155,370	-	155,370
Utility service taxes					268,025	-	268,025
Franchise taxes					388,920	-	388,920
Other taxes					1,562,464	-	1,562,464
Unrestricted state revenue sharing					190,556	-	190,556
Investment earnings					4,548	6,241	10,789
Miscellaneous					109,775	-	109,775
Total general revenues					4,329,482	6,241	4,335,723
Change in net position					606,555	758,093	1,364,648
Net position, beginning of year							
					11,010,359	17,145,580	28,155,939
					\$ 11,616,914	\$ 17,903,673	\$ 29,520,587

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

CITY OF LABELLE, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2022

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	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,488,166
Accounts receivable, net	69,633
Due from other funds (advances)	793,240
Due from other governments	121,857
Total assets	<u>\$ 7,472,896</u>
<b>Liabilities and fund balances</b>	
Liabilities	
Accounts payable	\$ 244,108
Accrued liabilities	25,198
Customer deposits	13,025
Unearned revenue	2,615,588
Total liabilities	<u>2,897,919</u>
Fund balances	
Nonspendable	793,240
Unassigned	3,781,737
Total fund balances	<u>4,574,977</u>
Total liabilities and fund balances	<u>\$ 7,472,896</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, 2022**

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

Total fund balances - governmental fund		\$	4,574,977
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets		\$	15,463,754
Accumulated depreciation			<u>(7,992,491)</u>
			7,471,263
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			691,534
Deferred inflows - pension			(200,052)
Net pension asset			1,105,772
Net pension liability			(1,487,273)
Total OPEB liability			<u>(42,111)</u>
			67,870
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			(124,558)
Notes payable			(126,000)
Revenue bonds payable			<u>(241,777)</u>
			(497,196)
Net position of governmental activities			<u>\$ 11,616,914</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, 2022**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 3,271,927
Other taxes	17,174
Licenses and permits	495,048
Intergovernmental revenues	671,521
Charges for services	611,840
Fines and forfeitures	48,701
Investment earnings	4,548
Miscellaneous revenues	109,775
Total revenues	5,230,534
<b>Expenditures</b>	
Current	
General government	1,724,505
Public safety	1,005,784
Transportation	915,867
Physical environment	22,365
Culture and recreation	387,418
Human services	258,207
Debt service	
Principal retirement	5,549
Interest	8,238
Capital outlay	584,934
Total expenditures	4,912,867
<b>Excess of revenues over expenditures</b>	317,667
<b>Other financing sources</b>	
Issuance of debt	126,000
Total other financing sources	126,000
<b>Change in fund balances</b>	443,667
<b>Fund balances, beginning of year</b>	4,131,310
<b>Fund balances, end of year</b>	\$ 4,574,977

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, 2022**

<b>Net Change in Fund Balances – Total Governmental Fund</b>		<b>\$ 443,667</b>
<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	\$ 579,956	
Less current year depreciation	<u>(418,453)</u>	161,503
<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		5,549
Issuance of debt		<u>(126,000)</u>
<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	136,313	
Change in total OPEB liability	9,705	
Change in net pension liability	<u>(24,182)</u>	<u>121,836</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$ 606,555</u></u></b>

**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, 2022**

	<b>Utility Fund</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 2,127,348
Accounts receivable, net	410,642
Restricted cash and cash equivalents	3,011,263
Total current assets	5,549,253
Noncurrent assets	
Capital assets, non-depreciable	1,488,117
Capital assets, net	27,461,176
Total noncurrent assets	28,949,293
<b>Total assets</b>	<b>34,498,546</b>
<b>Deferred outflows of resources</b>	
Deferred outflows - pension	226,033
<b>Total deferred outflows of resources</b>	<b>226,033</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	274,596
Accrued liabilities	724
Due to other funds (advances)	793,240
Compensated absences	35,937
Liabilities payable from restricted assets	
Accrued interest	37,433
Customer deposits payable	348,725
Current portion of note payable	13,430
Current portion of revenue bonds payable	333,000
Total current liabilities	1,837,085
Noncurrent liabilities	
Notes payable, net of current portion	104,849
Revenue bonds payable, net of current portion	14,092,000
Net pension liability	726,434
Total OPEB liability	24,252
Total non-current liabilities	14,947,535
Total liabilities	16,784,620
<b>Deferred inflows of resources</b>	
Deferred inflows - pension	36,286
<b>Total deferred inflows of resources</b>	<b>36,286</b>
<b>Net position</b>	
Net investment in capital assets	14,406,014
Restricted for	
Debt service	1,140,891
Capital improvements	1,521,647
Unrestricted	835,121
Total net position	<b>\$ 17,903,673</b>

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, 2022**

	<b>Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 4,493,917
Total operating revenues	4,493,917
<b>Operating expenses</b>	
Administrative	1,844,753
Treatment plants	200,881
Water distribution	154,149
Wastewater collection	357,603
Sanitation fees	1,170,326
Depreciation	1,230,323
Total operating expenses	4,958,035
<b>Operating (loss)</b>	(464,118)
<b>Nonoperating revenues (expenses)</b>	
Investment earnings	6,241
Interest expense	(454,312)
Total nonoperating revenues (expenses)	(448,071)
(Loss) before capital contributions	(912,189)
<b>Capital contributions</b>	1,670,282
<b>Change in net position</b>	758,093
<b>Total net position, beginning of year</b>	17,145,580
<b>Total net position, end of year</b>	\$ 17,903,673

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, 2022**

	<b>Utility Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 4,531,961
Cash paid to suppliers for goods and services	(2,104,132)
Cash paid to employees for services and benefits	(1,857,963)
Net cash provided by operating activities	569,866
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(406,419)
Principal paid on notes payable	(13,073)
Principal paid on bonds payable	(325,000)
Capital grants received	1,670,282
Interest paid	(455,191)
Net cash provided by capital and related financing activities	470,599
<b>Cash flows from investing activities</b>	
Interest received	6,241
Net cash provided by investing activities	6,241
<b>Net change in cash and cash equivalents</b>	1,046,706
<b>Cash and cash equivalents, beginning of year</b>	4,091,905
<b>Cash and cash equivalents, end of year</b>	\$ 5,138,611
<b>Cash and cash equivalents classified as</b>	
Cash and cash equivalents	\$ 2,127,348
Restricted cash and cash equivalents	3,011,263
Total cash and cash equivalents	\$ 5,138,611

**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, 2022**

	<b>Utility Fund</b>
<b>Reconciliation of operating (loss) to net cash provided</b>	
<b>operating activities</b>	
Operating (loss)	\$ (464,118)
Adjustment to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	1,230,323
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	5,941
Deferred outflows - pension	(42,413)
Increase (decrease) in liabilities:	
Accounts payable	(171,111)
Accrued liabilities	(20,668)
Due to other funds	(50,062)
Compensated absences payable	(32,417)
Net pension liability	447,721
Total OPEB liability	(5,000)
Deferred inflows - pension	(360,433)
Customer deposits	32,103
Net cash provided by operating activities	\$ 569,866

CITY OF LABELLE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
SEPTEMBER 30, 2022

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	<u>Pension Trust Fund</u>
<b>Assets</b>	
Cash	\$ 20,267
Contributions receivable	15,644
Investments at fair value	<u>2,006,418</u>
Total assets	<u>2,042,329</u>
<b>Net position</b>	
Restricted for pension benefits	<u>\$ 2,042,329</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, 2022**

	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 56,651
Employee	2,342
State	15,644
Investment income (loss)	(309,184)
Total additions	(234,547)
 <b>Deductions</b>	
Pension benefits	27,078
Administrative expenses	16,081
Total deductions	43,159
 Change in net position	(277,706)
 Net position, beginning of year	2,320,035
Net Position, end of year	\$ 2,042,329

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

# CITY OF LABELLE, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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### 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.

The Retirement Plan for the Firefighters of the City of LaBelle is a single-employer defined benefit pension plan, that qualifies as a Fiduciary Component Unit under GASB 84. As of September 30, 2022, 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.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

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.

**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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

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.

**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.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

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 distribution, wastewater collection, and solid waste collection within the City.

***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.



**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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, 2022

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**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.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

*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.

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 assets 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.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

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 assets 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 two items 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.

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

**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.

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.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Budgets (Continued)**

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, 2022.

**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, 2022, the carrying amount of the City's checking accounts was \$11,626,777 and the bank balance was \$11,492,922.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Pension Trust Fund Investments**

As of September 30, 2022, the City's pension trust fund had the following investments:

<b>Pension Trust Fund Investments</b>	<b>Fair Value</b>
Broad Market HQ Bond Fund	\$ 301,976
Core Plus Fixed Income	293,869
Diversified Large Cap	449,924
Diversified Small to Mid Cap	283,736
International Equity	342,510
Core Real Estate	334,403
	<u>\$ 2,006,418</u>

***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, 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
<b>Pension Trust Fund Investments</b>				
Broad Market HQ Bond Fund	\$ -	\$ 301,976	\$ -	\$ 301,976
Core Plus Fixed Income	-	-	293,869	293,869
Diversified Large Cap	-	449,924	-	449,924
Diversified Small to Mid Cap	-	283,736	-	283,736
International Equity	-	342,510	-	342,510
Core Real Estate	-	-	334,403	334,403
	<u>\$ -</u>	<u>\$ 1,378,146</u>	<u>\$ 628,272</u>	<u>\$ 2,006,418</u>

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, 2022**

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2022 were as follows:

	<b>General Fund</b>	<b>Utility Fund</b>	<b>Total</b>
Accounts receivable - billed	\$ 62,787	\$ 356,119	\$ 418,906
Accounts receivable - unbilled	-	105,321	105,321
Due from other governments	121,857	-	121,857
Assessments receivable	6,846	-	6,846
Less allowance for doubtful accounts	-	(50,798)	(50,798)
	<u>\$ 191,490</u>	<u>\$ 410,642</u>	<u>\$ 602,132</u>

**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, 2022 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, 2022 were as follows:

	<b>Due From</b>	<b>Due To General Fund</b>
Utility Fund		\$ 793,240

**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, 2022.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 6. CAPITAL ASSETS**

Capital asset balances and activity for the year ended September 30, 2022 were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land and improvements	\$ 4,139,129	\$ -	\$ -	\$ 4,139,129
Construction in progress	-	126,629	-	126,629
Total assets not being depreciated	4,139,129	126,629	-	4,265,758
Capital assets being depreciated				
Buildings	2,879,714	214,061	-	3,093,775
Equipment, furniture and fixtures	4,197,041	239,266	-	4,436,307
Infrastructure	3,667,914	-	-	3,667,914
Total assets being depreciated	10,744,669	453,327	-	11,197,996
Less accumulated depreciation	(7,574,038)	(418,453)	-	(7,992,491)
Total accumulated depreciation	(7,574,038)	(418,453)	-	(7,992,491)
Total assets depreciated, net	3,170,631	34,874	-	3,205,505
Governmental activities, net	\$ 7,309,760	\$ 161,503	\$ -	\$ 7,471,263
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land and improvements	\$ 1,466,338	\$ -	\$ -	\$ 1,466,338
Construction in progress	589,411	406,419	(974,051)	21,779
Total assets not being depreciated	2,055,749	406,419	(974,051)	1,488,117
Capital assets being depreciated				
Treatment plants and systems	44,389,837	-	974,051	45,363,888
Other equipment	813,494	-	-	813,494
Total assets being depreciated	45,203,331	-	974,051	46,177,382
Less accumulated depreciation	(17,485,883)	(1,230,323)	-	(18,716,206)
Total accumulated depreciation	(17,485,883)	(1,230,323)	-	(18,716,206)
Total assets depreciated, net	27,717,448	(1,230,323)	974,051	27,461,176
Business-type activities, net	\$ 29,773,197	\$ (823,904)	\$ -	\$ 28,949,293

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

<b>Governmental Activities</b>	
General government	\$ 53,618
Public safety	173,594
Transportation	86,431
Physical environment	14,290
Culture and recreation	55,133
Human services	35,387
	\$ 418,453
<b>Business-Type Activities</b>	
Water	\$ 688,912
Sewer	541,411
	\$ 1,230,323

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 7. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2022 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Note payable from direct borrowings	\$ -	\$ 126,000	\$ -	\$ 126,000	\$ 30,306
Revenue bond payable	247,326	-	(5,549)	241,777	5,549
Net pension liability	570,626	1,092,302	(175,655)	1,487,273	-
Total OPEB liability	51,816	4,686	(14,391)	42,111	-
Compensated absences	260,871	112,047	(248,360)	124,558	124,558
<b>Total governmental activities</b>	<u>\$ 1,130,639</u>	<u>\$ 1,335,035</u>	<u>\$ (443,955)</u>	<u>\$ 2,021,719</u>	<u>\$ 160,413</u>
<b>Business-type activities</b>					
Revenue bonds payable	\$ 14,750,000	\$ -	\$ (325,000)	\$ 14,425,000	\$ 333,000
Notes payable from direct borrowings	131,352	-	(13,073)	118,279	13,430
Net pension liability	278,713	533,512	(85,791)	726,434	-
Total OPEB liability	29,252	-	(5,000)	24,252	-
Compensated absences	68,354	12,289	(44,706)	35,937	35,937
<b>Total business-type activities</b>	<u>\$ 15,257,671</u>	<u>\$ 545,801</u>	<u>\$ (473,570)</u>	<u>\$ 15,329,902</u>	<u>\$ 382,367</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, 2022

**NOTE 7. LONG-TERM DEBT**

**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.

\$ 241,777

**Note Payable**

Note payable to a bank for the financing of a new fire truck for the City. The note is payable in four annual payments of \$33,645 including interest at 2.65%. The final maturity date of the loan is December 20, 2025.

126,000

Total governmental activities

\$ 367,777

**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.

\$ 1,837,000

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.

931,000

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.

11,657,000

**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.

118,279

Total business-type activities

\$ 14,543,279

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 7. LONG-TERM DEBT**

The annual requirements to amortize all debt outstanding as of September 30, 2022 are outlined in the table below:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 35,855	\$ 11,197	\$ 47,052
2024	37,024	10,208	47,232
2025	38,042	9,191	47,233
2026	38,957	8,146	47,103
2027	6,511	7,076	13,587
2028-2032	35,871	32,064	67,935
2033-2037	42,092	25,843	67,935
2038-2042	49,390	18,545	67,935
2043-2047	57,955	9,980	67,935
2048-2049	26,080	1,269	27,349
	<u>\$ 367,777</u>	<u>\$ 133,519</u>	<u>\$ 501,296</u>

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	392,957	397,261	790,218
2028-2032	2,130,363	1,791,032	3,921,395
2033-2037	2,435,000	1,430,681	3,865,681
2038-2042	2,710,000	10,085,723	12,795,723
2043-2047	2,337,000	617,323	2,954,323
2048-2052	2,532,000	288,035	2,820,035
2053	548,000	15,070	563,070
	<u>\$ 14,543,279</u>	<u>\$ 16,332,178</u>	<u>\$ 30,875,457</u>

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**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](http://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.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

**A – Cost Sharing Multiple Employer Defined Benefit Plans**

**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, 2021 through June 30, 2022, and July 1, 2022 through September 30, 2022, were as follows: Regular Class 10.82% and 11.91%, Senior Management 29.01% and 31.57%, Special Risk Employee Class 25.89% and 27.83%, Elected Officials 51.42% and 57.00%, and DROP Participants 18.34% and 18.60%.

The City's contributions for the year ended September 30, 2022 were \$162,508 to FRS and \$23,498 to HIS.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2022 the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022, 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.

	<b>FRS</b>	<b>HIS</b>
Net pension liability	\$ 1,689,868	\$ 523,839
Proportion at:		
Current measurement date	0.00454167%	0.00494580%
Prior measurement date	0.00431716%	0.00423187%
Pension expense (benefit)	\$ 287,005	\$ 35,753

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

**Pension Liabilities and Pension Expense (Continued)**

As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,259	\$ -	\$ 15,900	\$ 2,305
Change of assumptions	208,114	-	30,027	81,037
Net difference between projected and actual earnings on Pension Plan investments	111,582	-	758	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	123,910	-	70,837	27,233
City Pension Plan contributions subsequent to the measurement date	41,116	-	6,301	-
Total	<u>\$ 564,981</u>	<u>\$ -</u>	<u>\$ 123,823</u>	<u>\$ 110,575</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, 2023. 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	FRS	HIS
September 30:		
2023	\$ 126,689	\$ 1,664
2024	47,806	897
2025	(42,783)	410
2026	372,249	908
2027	19,904	2,108
Thereafter	-	960
	<u>\$ 523,865</u>	<u>\$ 6,947</u>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2022, was determined by an actuarial valuation dated July 1, 2022 using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.54%

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



**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

**Actuarial Assumptions (Continued)**

For both plans, the actuarial assumptions used in the valuation dated June 30, 2022 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2022:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

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%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	100.0%			
Assumed Inflation - Mean			2.4%	1.2%

**Discount Rate**

The discount rate used to measure the total pension liability for FRS was 6.70%. 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.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% 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.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

**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.

	<b>FRS</b>			<b>HIS</b>		
	Current			Current		
	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
City's proportionate share of the net pension liability	\$ 2,922,511	\$ 1,689,868	\$ 659,232	\$ 599,315	\$ 523,839	\$ 461,384

**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, 2022, 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, 2022.

**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, 2022

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**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	77 (three retired employee or beneficiaries currently receiving benefits; 52 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.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

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**NOTE 8. PENSION PLANS (CONTINUED)**

**B – Firefighters’ Retirement Plan (Continued)**

**Pension Plan Description (Continued)**

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.
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.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**NOTE 8. PENSION PLANS (CONTINUED)**

**B – Firefighters’ Retirement Plan (Continued)**

**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 \$15,644 for the fiscal year ended September 30, 2022.

**Rate of Return**

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was estimated to be (13.33%). 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, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

**B – Firefighters’ Retirement Plan (Continued)**

**Determination of the Long-Term Expected Rate of Return on Plan Assets (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, 2022 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 a 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, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a-b)
<b>Balances at September 30, 2021</b>	\$ 852,263	\$ 2,320,035	\$(1,467,772)
<b>Changes for the year:</b>			
Service cost	51,949	-	51,949
Interest	61,806	-	61,806
Differences between expected and actual experience	-	-	-
Assumption changes	(2,383)	-	(2,383)
Benefit payments and refunds	(27,078)	(27,078)	-
Contributions - employer and state	-	72,295	(72,295)
Contributions - participants	-	2,342	(2,342)
Net investment income	-	(309,184)	309,184
Administrative expenses	-	(16,081)	16,081
<b>Net change</b>	<u>84,294</u>	<u>(277,706)</u>	<u>362,000</u>
<b>Balances at September 30, 2022</b>	<u>\$ 936,557</u>	<u>\$ 2,042,329</u>	<u>\$(1,105,772)</u>

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

**B – Firefighters’ Retirement Plan (Continued)**

**Net Pension Asset (Continued)**

Total pension liability	\$ 936,557
Plan fiduciary net position	(2,042,329)
City's net pension liability (asset)	<u>\$ (1,105,772)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	218.07%

**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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's Net Pension Liability (Asset)	\$ (958,007)	\$ (1,105,772)	\$ (1,225,007)

At September 30, 2022, the City reported a net pension asset of \$1,090,128 for the Firefighters’ Retirement Plan. The asset was measured as of September 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2021. 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, 2022.

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$65,483. 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	\$ 18,517	\$ 109,418
Change of assumptions	15,322	16,345
Net difference between projected and actual earnings on Plan investments	194,924	-
Total	<u>\$ 228,763</u>	<u>\$ 125,763</u>

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**NOTE 8. PENSION PLANS (CONTINUED)**

**B – Firefighters’ Retirement Plan (Continued)**

**Sensitivity of the Net Position Asset to Changes in the Discount Rate (Continued)**

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,		
2023	\$	24,238
2024		22,997
2025		25,715
2026		79,804
2027		(10,543)
Thereafter		(39,211)
Total	<u>\$</u>	<u>103,000</u>

Significant actuarial assumptions used in the October 1, 2021 valuation are as follows:

Inflation	None
Salary Increases	4.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%
Actuarial Valuation Date	10/1/2021

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:

	<b>Pension Trust Fund</b>	<b>FRS Pension</b>	<b>HIS Pension</b>	<b>Total</b>
City's net pension liability	\$ -	\$ 1,689,868	\$ 523,839	\$ 2,213,707
City's net pension asset	(1,105,772)	-	-	(1,105,772)
Deferred outflows of resources	228,763	564,981	123,823	917,567
Deferred inflows of resources	125,763	-	110,575	236,338
Pension expense	4,601	287,004	35,753	327,358



**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**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.

**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, 2022, the following employees were covered by the benefit terms:

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

**Total OPEB Liability of the City**

The City's total OPEB liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2021.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**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	4.77%
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 4.77%. 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.

**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, 2022 were as follows:

	Total OPEB Liability
Balances at September 30, 2021	\$ 81,068
Changes for the year:	
Service cost	5,071
Interest on the total OPEB liability	2,029
Expected and actual experience differences	-
Changes in assumptions and other inputs	(16,498)
Benefit payments	(5,307)
Net changes	(14,705)
Balances at September 30, 2022	\$ 66,363

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

**Changes in the Total OPEB Liability of the City (Continued)**

Changes of assumptions reflect a change in the discount rate from 2.43% for the fiscal year ending September 30, 2021 to 4.77% for the fiscal year ending September 30, 2022. 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 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability	\$ 72,691	\$ 66,363	\$ 60,904

**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	\$ 60,030	\$ 66,363	\$ 73,856

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, 2022, the City recognized OPEB benefit of \$8,348. At September 30, 2022, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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**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, 2021. 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, 2022. 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, 2022**

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**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. SUBSEQUENT EVENT**

The City has evaluated all subsequent events through September 27, 2023 the date the financial statements were available to be issued. On December 13, 2022, the City issued a Water & Sewer Refunding Revenue Bond, Series 2022, in the amount of \$2,845,000 to refund the Water & Sewer Revenue Bonds, Series, 2000.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LABELLE, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,065,724	\$ 3,065,724	\$ 3,271,927	\$ 206,203
Other taxes	-	-	17,174	17,174
Licenses and permits	372,000	372,000	495,048	123,048
Intergovernmental revenues	551,129	551,129	671,521	120,392
Charges for services	488,213	488,213	611,840	123,627
Fines and forfeitures	27,000	27,000	48,701	21,701
Investment earnings	3,500	3,500	4,548	1,048
Miscellaneous revenues	41,980	41,980	109,775	67,795
Total revenues	<u>4,549,546</u>	<u>4,549,546</u>	<u>5,230,534</u>	<u>680,988</u>
<b>Expenditures</b>				
Current				
General government	1,282,382	1,282,382	1,724,505	(442,123)
Public safety	1,460,868	1,460,868	1,005,784	455,084
Transportation	1,472,348	1,472,348	915,867	556,481
Physical environment	125,000	125,000	22,365	102,635
Culture and recreation	396,199	396,199	387,418	8,781
Human services	362,599	362,599	258,207	104,392
Debt service				
Principal retirement	-	-	5,549	(5,549)
Interest	-	-	8,238	(8,238)
Capital outlay	-	-	584,934	(584,934)
Total expenditures	<u>5,099,396</u>	<u>5,099,396</u>	<u>4,912,867</u>	<u>186,529</u>
<b>Excess of revenues over expenditures</b>	<u>(549,850)</u>	<u>(549,850)</u>	<u>317,667</u>	<u>867,517</u>
<b>Other financing uses</b>				
Debt proceeds	-	549,850	126,000	(423,850)
Total other financing uses	-	549,850	126,000	(423,850)
<b>Change in fund balance</b>	<u>(549,850)</u>	<u>-</u>	<u>443,667</u>	<u>443,667</u>
<b>Fund balance, beginning of year</b>	<u>4,131,310</u>	<u>4,131,310</u>	<u>4,131,310</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,581,460</u>	<u>\$ 4,131,310</u>	<u>\$ 4,574,977</u>	<u>\$ 443,667</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>9/30/2022</u> <u>6/30/2022</u>	<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	0.0045417%	0.0043718%	0.0043626%	0.0040202%	0.0038568%
City's proportionate share of the FRS net pension liability	\$ 1,689,868	\$ 330,237	\$ 1,890,526	\$ 1,384,184	\$ 1,161,363
City's covered payroll	\$ 1,827,050	\$ 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	92.49%	22.04%	121.64%	88.52%	78.31%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.89%	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	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Contractually required FRS contribution	\$ 162,508	\$ 193,499	\$ 221,618	\$ 192,566	\$ 178,536
FRS contributions in relation to the contractually required FRS contribution	<u>162,508</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 1,429,999	\$ 1,877,539	\$ 1,554,226	\$ 1,563,625	\$ 1,483,044
FRS contributions as a percentage of covered payroll	11.36%	10.31%	14.26%	12.32%	12.04%

Reporting period ending	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</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>9/30/2022</u> <u>6/30/2022</u>	<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	0.004945794%	0.004231866%	0.004467684%	0.004584439%	0.004626800%
City's proportionate share of the HIS net pension liability	\$ 523,839	\$ 519,102	\$ 545,497	\$ 512,953	\$ 489,706
City's covered payroll	\$ 1,827,050	\$ 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	28.67%	34.65%	35.10%	32.81%	33.02%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.81%	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	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Contractually required HIS contribution	\$ 23,498	\$ 30,978	\$ 25,800	\$ 25,956	\$ 24,619
HIS contributions in relation to the contractually required HIS contribution	23,498	30,978	25,800	25,956	24,619
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,429,999	\$ 1,877,539	\$ 1,554,226	\$ 1,563,625	\$ 1,483,044
HIS contributions as a percentage of covered payroll	1.64%	1.65%	1.66%	1.66%	1.66%

Reporting period ending	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Contractually required HIS contribution	\$ 24,666	\$ 23,982	\$ 18,154	\$ 16,530
HIS contributions in relation to the contractually required HIS contribution	24,666	23,982	18,154	16,530
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
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	9/30/2021	9/30/2022
<b>Total pension liability</b>								
Service Cost	\$ 19,886	\$ 19,886	\$ 40,365	\$ 43,651	\$ 43,651	\$ 37,263	\$ 40,700	\$ 51,949
Interest on total pension liability	23,568	26,429	30,766	48,972	57,432	62,931	63,384	61,806
Differences between expected and actual experience	-	-	168,999	28,397	-	(94,802)	(16,329)	-
Changes in assumptions	-	-	27,088	-	-	-	(19,343)	(2,383)
Benefit payments, including refunds of member contributions	(5,056)	-	-	(1,471)	(8,383)	(2,942)	(102,058)	(27,078)
<b>Net change in total pension liability</b>	<b>38,398</b>	<b>46,315</b>	<b>267,218</b>	<b>119,549</b>	<b>92,700</b>	<b>2,450</b>	<b>(33,646)</b>	<b>84,294</b>
<b>Total pension liability - beginning</b>	<b>319,279</b>	<b>357,677</b>	<b>403,992</b>	<b>671,210</b>	<b>790,759</b>	<b>883,459</b>	<b>885,909</b>	<b>852,263</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 357,677</b>	<b>\$ 403,992</b>	<b>\$ 671,210</b>	<b>\$ 790,759</b>	<b>\$ 883,459</b>	<b>\$ 885,909</b>	<b>\$ 852,263</b>	<b>\$ 936,557</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 26,824	\$ 28,973	\$ 34,725	\$ 39,936	\$ 42,586	\$ 48,744	\$ 55,673	\$ 72,295
Contributions - employee	1,350	1,527	1,940	2,428	1,599	1,586	1,928	2,342
Net investment income	(982)	99,392	181,230	117,008	93,683	122,400	684,866	(309,184)
Benefit payments, including refunds of employee contributions	-	-	-	(1,471)	(2,942)	(2,942)	(102,058)	(27,078)
Administrative expenses	(3,448)	(3,503)	(15,697)	(13,472)	(5,735)	(15,245)	(13,652)	(16,081)
<b>Net change in plan fiduciary net position</b>	<b>23,744</b>	<b>126,389</b>	<b>202,198</b>	<b>144,429</b>	<b>129,191</b>	<b>154,543</b>	<b>626,757</b>	<b>(277,706)</b>
<b>Plan fiduciary net position - beginning</b>	<b>912,784</b>	<b>936,528</b>	<b>1,062,917</b>	<b>1,265,115</b>	<b>1,409,544</b>	<b>1,538,735</b>	<b>1,693,278</b>	<b>2,320,035</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 936,528</b>	<b>\$ 1,062,917</b>	<b>\$ 1,265,115</b>	<b>\$ 1,409,544</b>	<b>\$ 1,538,735</b>	<b>\$ 1,693,278</b>	<b>\$ 2,320,035</b>	<b>\$ 2,042,329</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ (578,851)</b>	<b>\$ (658,925)</b>	<b>\$ (593,905)</b>	<b>\$ (618,785)</b>	<b>\$ (655,276)</b>	<b>\$ (807,369)</b>	<b>\$ (1,467,772)</b>	<b>\$ (1,105,772)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	261.84%	263.10%	188.48%	178.25%	174.17%	191.13%	272.22%	218.07%
<b>Covered payroll</b>	\$ 136,761	\$ 136,761	\$ 151,296	\$ 173,465	\$ 173,465	\$ 143,707	\$ 162,173	\$ 201,346
<b>City's net pension liability as a percentage of covered payroll</b>	-423.26%	-481.81%	-392.55%	-356.72%	-377.76%	-561.82%	-905.07%	-549.19%

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

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Actuarially determined contribution	\$ 22,172	\$ -	\$ -	\$ 43,659	\$ 58,721	\$ 38,682	\$ 23,039	\$ 23,868	\$ 12,646
Contributions in relation to the actuarially determined contribution	26,587	26,824	28,973	34,725	39,936	42,586	48,744	57,025	56,651
Contribution deficiency (excess)	\$ (4,415)	\$ (26,824)	\$ (28,973)	\$ 8,934	\$ 18,785	\$ (3,904)	\$ (25,705)	\$ (33,157)	\$ (44,005)
Covered payroll	\$ 131,000	\$ 136,761	\$ 136,761	\$ 151,296	\$ 173,465	\$ 173,465	\$ 143,707	\$ 162,173	\$ 201,346
Contributions as a percentage of covered payroll	20.30%	19.61%	21.19%	22.95%	23.02%	24.55%	33.92%	35.16%	28.14%

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: Pub-2010 Headcount-Weighted Employee Mortality Table  
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

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	<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>	<u>9/30/2022</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%	-13.33%

**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,	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service cost	\$ 5,071	\$ 7,115	\$ 5,682	\$ 10,337	\$ 11,013
Interest on the total OPEB liability	2,029	2,981	4,246	9,985	8,973
Differences between expected and actual experience	-	(58,135)	-	(67,087)	-
Changes of assumptions	(16,498)	1,509	18,218	(58,746)	(15,831)
Benefit payments	(5,307)	(9,188)	(8,547)	(11,560)	(10,654)
<b>Net change in total OPEB liability</b>	<b>(14,705)</b>	<b>(55,718)</b>	<b>19,599</b>	<b>(117,071)</b>	<b>(6,499)</b>
<b>Total OPEB liability - beginning</b>	<b>81,068</b>	<b>136,786</b>	<b>117,187</b>	<b>234,258</b>	<b>240,757</b>
<b>Total OPEB liability - ending</b>	<b>\$ 66,363</b>	<b>\$ 81,068</b>	<b>\$ 136,786</b>	<b>\$ 117,187</b>	<b>\$ 234,258</b>
<b>Covered-employee payroll</b>	<b>\$ 928,731</b>	<b>\$ 906,079</b>	<b>\$ 1,299,888</b>	<b>\$ 1,268,184</b>	<b>\$ 1,578,737</b>
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	<b>7.15%</b>	<b>8.95%</b>	<b>10.52%</b>	<b>9.24%</b>	<b>14.84%</b>

**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, 2022:	4.77%
Fiscal Year Ending September 30, 2021:	2.42%
Fiscal Year Ending September 30, 2020:	2.14%

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## **OTHER SUPPLEMENTARY INFORMATION**

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**CITY OF LABELLE, FLORIDA**

**SCHEDULE TO DETERMINE COMPLIANCE WITH INTERLOCAL  
FIRE PROTECTION AND ANIMAL CONTROL AGREEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Departmental expenditures of revenues, expenditures, and changes in fund balances of governmental funds	<u>Fire Protection</u>	<u>Animal Control</u>
Expenditures - current	\$ 568,968	\$ 258,207
Expenditures - debt service (fire trucks)	<u>5,549</u>	<u>-</u>
Total departmental expenditures	574,517	258,207
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	347,583	129,104
Total previously received from Hendry County for services	<u>356,108</u>	<u>96,211</u>
Amount due from (to) Hendry County for the fiscal year ended September 30, 2022	<u>\$ (8,525)</u>	<u>\$ 32,893</u>

**CITY OF LABELLE, FLORIDA**

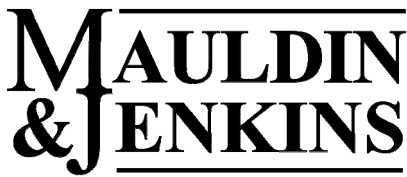
**COMBINING SCHEDULE OF REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES  
UTILITY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Water System</u>	<u>Sewer System</u>	<u>Solid Waste</u>	<u>Totals</u>
<b>Operating revenues</b>				
Charges for services	\$ 2,083,509	\$ 1,241,032	\$ 1,169,376	\$ 4,493,917
Total operating revenues	<u>2,083,509</u>	<u>1,241,032</u>	<u>1,169,376</u>	<u>4,493,917</u>
<b>Operating expenses</b>				
Administrative	1,552,295	292,458	-	1,844,753
Treatment plants	200,881	-	-	200,881
Water distribution	154,149	-	-	154,149
Wastewater collection	-	357,603	-	357,603
Sanitation fees	-	-	1,170,326	1,170,326
Depreciation	688,912	541,411	-	1,230,323
Total operating expenses	<u>2,596,237</u>	<u>1,191,472</u>	<u>1,170,326</u>	<u>4,958,035</u>
<b>Operating income (loss)</b>	<u>(512,728)</u>	<u>49,560</u>	<u>(950)</u>	<u>(464,118)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	3,705	2,314	222	6,241
Interest expense	<u>(330,557)</u>	<u>(123,755)</u>	<u>-</u>	<u>(454,312)</u>
Total nonoperating revenues (expenses)	<u>(326,852)</u>	<u>(121,441)</u>	<u>222</u>	<u>(448,071)</u>
(Loss) before capital contributions	<u>(839,580)</u>	<u>(71,881)</u>	<u>(728)</u>	<u>(912,189)</u>
<b>Capital contributions</b>	<u>358,093</u>	<u>1,312,189</u>	<u>-</u>	<u>1,670,282</u>
<b>Change in net position</b>	<u>\$ (481,487)</u>	<u>\$ 1,240,308</u>	<u>\$ (728)</u>	<u>\$ 758,093</u>

## **OTHER REPORTS**

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CPAs & ADVISORS

**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**

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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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 27, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 2022-001 and 2022-002 that we consider to be material weaknesses.

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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  
September 27, 2023

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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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, 2022.

SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2022-001. Accounts Payable and Accrued Payroll – Material Weakness**

**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 the City improperly recorded accounts payable and accrued payroll balances as of September 30, 2022.

**Condition:** During our testing of accounts payable and accrued payroll, we noted the City did not reverse the prior year accrued payroll entry during the current year, and failed to accrue for certain expenditures incurred prior to year-end and paid subsequent to year-end.

**Context:** Per discussions with management, the City did not realize the prior year accrual was not reversed when making the current year-end adjustment. Additionally, invoices received after the typically year-end close of accounts payable were not recorded in the proper period.

**Effect:** The City overstated the accrued payroll liability and payroll expense, resulting in adjustment in the Utility Fund to ensure the financial statements were free of material misstatement. Additionally, the City understated its accounts payable and expenditures in the General Fund, and accounts payable and expenses in the Utility Fund, resulting in adjustments to both funds to ensure the financial statements were free of material misstatement.

**Recommendation:** We recommend the City implement internal controls to ensure that the year-end calculated amount agrees to the general ledger. Additionally, we recommend the City implement a process to identify and record transactions for expenditures incurred in the prior period after the year-end close process is complete, to ensure they are properly accrued in the correct period.

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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**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.

**2022-002 Due From Other Governments – 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 the City's revenue, we noted the City had not accrued revenue from the State of Florida during the year. Additionally, prior year receivables were not cleared when monies were collected in the subsequent year, resulting in double counting revenue, and receivables were not established for the current year for monies earned but not received. This resulted in several state revenue accounts to be misstated.

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

**Effect:** Audit adjustments were required to be posted within the General Fund for the fair presentation of the financial statements.

**Recommendation:** We recommend that the City implement process to ensure that Due From Other Government amounts are properly cleared when receipt is made in the subsequent period. Additionally, as part of the year-end closing process, the City should implement a process to identify amounts earned during the year, but not yet collected.

**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.

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, 2022

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**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 numbers 2022-001 and 2022-002.

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## 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, 2022, and have issued our report thereon dated September 27, 2023.

### 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 September 27, 2023, 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.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
2022-001	2021-001	2009-1
2022-002	2021-001	2009-1

### 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.

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## **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 did not have any such recommendations.

## **Special District Component Units**

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
September 27, 2023





## INDEPENDENT ACCOUNTANT'S REPORT

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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, 2022. 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, 2022.

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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
September 27, 2023

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