

CITY OF LABELLE, FLORIDA ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2014



Boy, Miller, Kisker & Perry, P.A.
Certified Public Accountants

CITY OF LABELLE, FLORIDA
Table of Contents
September 30, 2014

	<u>Pages</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis (unaudited)	4-11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13-14
Fund Financial Statements	
Governmental Funds	
Balance Sheet	15
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds	17-18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	20
Proprietary Funds	
Statement of Net Position	21-22
Statement of Revenues, Expenses, and Change in Net Position	23
Statement of Cash Flows	24-25
Fiduciary Funds	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements	28-62
Required Supplemental Schedules	
Firefighters Pension Trust Fund - Schedule of Employer Contributions to Defined Benefit Plan and Trust	63
Firefighters Pension Trust Fund - Schedule of Funding Progress for Defined Benefit Plan and Trust	64
Other Supplemental Schedules	
Schedule to Determine Compliance With Interlocal Fire Protection and Animal Control Agreements	65
Schedule of Revenues and Expenses - Business-type Activities - Water and Sewer Systems	66
Schedule of Revenues and Expenditures - Budget and Actual - Budgetary Basis - Business-type Activities	67-70
Schedule of Changes in Assets and Liabilities - Agency Fund	71

CITY OF LABELLE, FLORIDA
Table of Contents (continued)
September 30, 2014

	<u>Pages</u>
Schedule of Expenditures of Federal Awards and State Financial Assistance and Notes to Schedule	72-74
Report and Schedule on Major Federal Program	
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	75-76
Schedule of Findings and Questioned Costs	77-78
Other Auditors' Reports and Management Letter	
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 <i>Government Auditing Standards</i>	79-80
Independent Accountants' Report on Compliance with the Requirements of Section 218.45, Florida Statutes, in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida	81
Independent Auditors' Management Letter	82-84
City's Response to Findings in the Schedule of Findings and Questioned Costs	85

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Honorable Mayor and City Commissioners
City of LaBelle, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaBelle, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaBelle, Florida, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 and the Firefighters Pension Plan Schedules on pages 63-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaBelle, Florida's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of expenditures of federal awards and state financial assistance 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 June 10, 2015, on our consideration of the City of LaBelle, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of LaBelle, Florida's internal control over financial reporting and compliance.

Boy, Miller, Kisker & Perry, P.A.

LaBelle, Florida
June 10, 2015

CITY OF LABELLE, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of LaBelle's (the City) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues of concern.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 12).

HIGHLIGHTS

Financial Highlights for the Fiscal Year Ended September 30, 2014.

1. The City's overall net position increased by \$3,450,073 primarily because the business-type activities net position increased by \$3,257,904.
2. The total cost of all the City's programs was \$5,829,918 which was more than the previous year by \$192,506.
3. The City's governmental activities increased net position by \$192,169 as a result of program and general revenues exceeding program expenses for governmental activities.
4. During the year, the City had expenses of \$3,325,611 for governmental activities which was \$14,760 more than the previous year.
5. The City's business-type activities increased net position by \$3,257,904 primarily due to capital grants and contributions in the amount of \$3,483,360.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 through 14) provide information about the activities of the City as a whole and present the longer-term view of the City's finances. Fund financial statements begin on page 15. For governmental activities, these fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee for City employee pension plan participants or as an agent for a solid waste disposal contractor.

Reporting - The City as a Whole

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's financial picture is "Is the City as a whole financially better or worse as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report financial information about the City and its activities that provide some answers to this question. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by for-profit private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes to that net position. You can think of the City's net position - the difference between assets and liabilities - as an indication of the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets must be considered to assess the overall financial well being of the City. In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities

Most of the City's basic services are reported in the governmental activities including policing services, fire, animal control, streets and parks departments, and general administration. Property taxes, special assessments, franchise fees and intergovernmental revenue finance most of these activities.

Business-type Activities

The City provides water and sewer services through customer charges that help the City recover the cost of these services. The City's Water and Sewer Fund is reported as a business-type activity.

Reporting - The City's Significant Funds

Our analysis of the City's major funds begins on page 15. The fund financial statements provide accounting information about the significant funds - not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Commission establishes other funds to help it control and manage money for particular purposes (like water and sewer services) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies (like the local option gas tax or Community Development Block Grants). The City's two kinds of funds - governmental and proprietary - use different accounting methods.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which report how money flows within these funds and the resulting balances at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that are considered liquid. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine financial resources that are available in the near future to finance the City's programs. The similarities and differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds can be understood by an analysis of the reconciliations on the schedules included in the basic financial statements on pages 16 and 19.

Proprietary Funds

The City's charges for water and sewer services and related expenses are reported in the proprietary fund. Proprietary funds are reported using the same accounting method that is used to report these activities in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary fund.

The City as a Trustee

The City is the trustee, or fiduciary, for the Firefighters Pension Trust Fund. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 26 and 27. We excluded these activities from the City's other financial statements because the City can only use these assets to provide pension benefits to participants in the pension plan.

The City provides solid waste disposal services through an independent contractor. The charges for solid waste disposal services and payments to the independent contractor for these services are accounted for in an Agency Fund, which is shown on page 26, where assets equal liabilities.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

During the fiscal year ended September 30, 2014, the City's combined net position increased to \$26.45 million from \$23 million at the beginning of the year, or \$3,450,073. The City's net position of the governmental activities increased \$192,169. Net position of the business-type activities increased \$3,257,904. The City's unrestricted net position for governmental activities (the part of net position that can be used to finance day-to-day operations) was \$1.04 million as of September 30, 2014, a decrease of \$.17 million from September 30, 2013.

The condensed Statements of Net Position and Changes in Net Position on the following pages provide a comprehensive analysis of the government-wide financial information for the fiscal years ended September 30, 2014, and September 30, 2013.

GOVERNMENT WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position for the current and preceding years:

Statement of Net Position as of September 30, 2014, and September 30, 2013 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,891	\$ 3,239	\$ 1,339	\$ 2,766	\$ 4,230	\$ 6,005
Capital assets	<u>6,766</u>	<u>6,933</u>	<u>33,350</u>	<u>30,570</u>	<u>40,116</u>	<u>37,503</u>
Total assets	<u>9,657</u>	<u>10,172</u>	<u>34,689</u>	<u>33,336</u>	<u>44,346</u>	<u>43,508</u>
Long-term liabilities	212	275	16,542	16,619	16,754	16,894
Other liabilities	<u>516</u>	<u>1,160</u>	<u>624</u>	<u>2,452</u>	<u>1,140</u>	<u>3,612</u>
Total liabilities	<u>728</u>	<u>1,435</u>	<u>17,166</u>	<u>19,071</u>	<u>17,894</u>	<u>20,506</u>
Net position:						
Invested in capital assets,						
net of related debt	6,590	6,280	16,732	13,861	23,322	20,141
Restricted	1,300	1,250	1,314	928	2,614	2,178
Unrestricted	<u>1,039</u>	<u>1,207</u>	<u>(523)</u>	<u>(524)</u>	<u>516</u>	<u>683</u>
Total net position	<u>\$ 8,929</u>	<u>\$ 8,737</u>	<u>\$ 17,523</u>	<u>\$ 14,265</u>	<u>\$ 26,452</u>	<u>\$23,002</u>

For more detailed information, see the Statement of Net Position on page 12.

Changes in Net Position

The following table shows the revenues and expenses of the total primary government broken down by governmental activities and business-type activities for the current and preceding years:

Changes in Net Position for the Fiscal Years Ended September 30, 2014, and September 30, 2013 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues, fees, fines and charges for services	\$ 1,604	\$ 1,518	\$ 2,270	\$ 2,079	\$ 3,874	\$ 3,597
Operating grants and contributions	30	-	-	-	30	-
Capital grants and contributions	3	792	3,483	3,399	3,486	4,191
General revenues						
Property taxes	518	513	-	-	518	513
Other taxes	652	632	-	-	652	632
Intergovernmental	578	544	-	-	578	544
Other	<u>133</u>	<u>29</u>	<u>9</u>	<u>8</u>	<u>142</u>	<u>37</u>
Total revenues	<u>3,518</u>	<u>4,028</u>	<u>5,762</u>	<u>5,486</u>	<u>9,280</u>	<u>9,514</u>
Expenses						
General government	990	911	-	-	990	911
Public safety	727	730	-	-	727	730
Physical environment	15	15	-	-	15	15
Public works	926	1,028	2,504	2,327	3,430	3,355
Culture and recreation	459	418	-	-	459	418
Economic environment	7	10	-	-	7	10
Human services	192	184	-	-	192	184
Interest on long-term debt	<u>10</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>14</u>
Total expenses	<u>3,326</u>	<u>3,310</u>	<u>2,504</u>	<u>2,327</u>	<u>5,830</u>	<u>5,637</u>
Changes in net position	<u>\$ 192</u>	<u>\$ 718</u>	<u>\$ 3,258</u>	<u>\$ 3,159</u>	<u>\$ 3,450</u>	<u>\$ 3,877</u>
Ending net position	<u>\$ 8,929</u>	<u>\$ 8,737</u>	<u>\$ 17,523</u>	<u>\$ 14,265</u>	<u>\$ 26,452</u>	<u>\$ 23,002</u>

Governmental Activities

The increase in net position of governmental activities for the fiscal year ended September 30, 2014, was \$192,169 which resulted from program and general revenues being greater than governmental activities expenses. Depreciation on governmental activities capital assets was \$295,285 for the fiscal year ended September 30, 2014.

Business-type Activities

The increase in net position of business-type activities for the fiscal year ended September 30, 2014, was \$3,257,904, which was a result of capital grants and impact fees received of \$3,483,360 and a current year loss before contributions of \$225,456.

THE CITY'S FUNDS

Governmental Type Funds

As of September 30, 2014, the governmental funds (as presented on page 15) reported a fund balance of \$2.45 million which is the same as at the beginning of the year (\$2.45 million). The General Fund experienced a net decrease in the fund balance of \$4,947 due to revenues under expenditures using the modified accrual basis of accounting during the fiscal year ended September 30, 2014. The adjustments to reconcile the \$4,947 decrease in the fund balance of the General Fund to the \$192,169 increase in net position of governmental activities is shown on page 19.

Business-type Funds

As of year-end, the business-type funds (Water and Sewer Fund) reported a combined net position of \$17.52 million which is 22.8% greater than at the beginning of the year (\$14.27 million).

The Water and Sewer Fund's increase in net position primarily resulted from capital grants and other capital contributions, which were greater than the operating loss incurred by the system during the fiscal year ended September 30, 2014. Rate changes are being made to increase the revenues of the system and the water system improvement project was completed during the fiscal year ended September 30, 2014.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2014, the City Commission made no revisions to the City's budget.

The General Fund's actual revenues were \$223,392 less than budgeted, primarily due to a budgeted recreational grant which was not received by the City during the fiscal year ended September 30, 2014.

The General Fund's actual expenditures were \$683,988 less than budgeted, primarily due to favorable budget variances in the expenditures for transportation and culture and recreation for the fiscal year ended September 30, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$40,116,502 (net of depreciation) invested in a broad range of capital assets, including land, buildings, fire and street equipment, park facilities, roads, and water and sewer utility systems. This amount represents a net increase (including additions, deletions, and current depreciation) of \$2,613,641 or 7% more than last year. See pages 40 and 41 in the notes to the financial statements for detailed changes in capital assets.

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land & improvements	\$ 3,161,561	\$ 3,176,027	\$ 1,466,338	\$ 1,466,338	\$ 4,627,899	\$ 4,642,365
Buildings, utility treatment plants and systems	800,551	846,746	31,703,007	28,915,614	32,503,558	29,762,360
Equipment, furniture and fixtures	610,433	648,871	181,073	187,491	791,506	836,362
Roads and streets	2,193,539	2,261,774	-	-	2,193,539	2,261,774
Totals	<u>\$ 6,766,084</u>	<u>\$ 6,933,418</u>	<u>\$ 33,350,418</u>	<u>\$ 30,569,443</u>	<u>\$ 40,116,502</u>	<u>\$ 37,502,861</u>

The City budgeted an additional \$2.15 million in capital expenditures for the fiscal year ended September 30, 2015, which consisted of \$.31 million in capital expenditures in the governmental fund and \$1.84 million in capital expenditures in the business-type funds.

The City has completed the wastewater collection phase of their expansion to the utility system and the construction of a new reverse osmosis water treatment plant. The cost of the new water treatment plant was approximately \$19 million. The City financed the water treatment plant project by a \$13 million USDA Rural Development loan and a \$6 million USDA Rural Development grant.

Debt

At September 30, 2014, the City had \$16,794,795 in notes and bonds payable outstanding versus \$17,244,113 at September 30, 2013, (a decrease of 2.6%) as shown in the schedule below.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Notes payable	\$ 176,152	\$ 551,929	\$ 213,643	\$ 224,184	\$ 389,795	\$ 776,113
Revenue bonds payable (secured by water and sewer net revenue)	-	-	16,405,000	16,468,000	16,405,000	16,468,000
Totals	<u>\$ 176,152</u>	<u>\$ 551,929</u>	<u>\$ 16,618,643</u>	<u>\$ 16,692,184</u>	<u>\$ 16,794,795</u>	<u>\$ 17,244,113</u>

See Notes 8 through 11 for more information about the City's debt, such as interest rates and amortization of debt.

Other obligations of the City include accrued vacation pay and sick leave. (See Note 12)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City Commission considered many factors while determining the fiscal year 2015 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 9.6% in December, 2014, which was .2% lower than November, 2014, and .9% below December, 2013. The labor force in 2014 was approximately 16,000.

Preparations were made for new commercial establishments and residential housing within the City. However, changes in the economy delayed many of the development projects. Discussion is resuming on some of the delayed and previously abandoned development projects. Some of the discussion has resumed primarily due to the completion of the new 1.5 MGD Water Treatment Plant and the beginning of the Wastewater Treatment Plant Recycling Project.

The current real estate market and general economy in Hendry County and surrounding areas caused a considerable slowdown that is now beginning to pick back up. While activity has not resumed at the pre-recession pace, it appears the local market and economy is beginning to recover. Some activity is resuming and several projects have been permitted and constructed, continuing to lower the unemployment rate by a small margin. The future prospects are once again beginning to look more positive.

The City budgeted government-wide revenues of \$8.7 million and government-wide expenditures of \$8.99 million, including \$2.15 million in capital expenditures for the fiscal year ended September 30, 2015. If the budgeted revenues and expenditures are realized, the City's financial reserves will be decreased by \$.29 million during fiscal year 2015.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with an understanding of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this financial report or need additional information, contact the City Finance Department at the City of LaBelle, 481 Highway 80 West, LaBelle, Florida, 33935.

CITY OF LABELLE, FLORIDA
Government-wide Statement of Net Position
September 30, 2014

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash	\$ 390,152	\$ 35,666	\$ 425,818
Investments	819,882	523,294	1,343,176
Receivables (net of allowance for doubtful accounts)			
Taxes and special assessments	23,424	59,992	83,416
Accounts	170,329	328,640	498,969
Accrued interest	-	29,558	29,558
Due from other governments	187,441	-	187,441
Internal balances	1,299,743	(1,299,743)	-
Restricted assets			
Cash	-	250,154	250,154
Investments	-	1,349,699	1,349,699
Due from other governments	-	61,417	61,417
Capital assets			
Land and improvements	3,161,561	1,466,338	4,627,899
Depreciable capital assets, net	<u>3,604,523</u>	<u>31,884,080</u>	<u>35,488,603</u>
Total assets	<u>9,657,055</u>	<u>34,689,095</u>	<u>44,346,150</u>
Liabilities			
Accounts payable	158,568	106,858	265,426
Contracts payable	-	15,858	15,858
Accrued liabilities	57,833	78,052	135,885
Accrued interest	2,463	-	2,463
Due to other governments	211,440	-	211,440
Notes payable - due within one year	86,173	-	86,173
Liabilities payable from restricted assets			
Contracts payable	-	61,417	61,417
Accrued interest	-	41,424	41,424
Deposits payable	-	243,914	243,914
Current portion of long-term debt	-	76,828	76,828
Due in more than one year			
Notes and contract payable	89,979	202,815	292,794
Revenue bonds payable	-	16,339,000	16,339,000
Compensated absences	<u>121,712</u>	<u>-</u>	<u>121,712</u>
Total liabilities	<u>728,168</u>	<u>17,166,166</u>	<u>17,894,334</u>
Net position			
Invested in capital assets, net of related debt	6,589,932	16,731,775	23,321,707
Restricted for construction and debt retirement	-	1,314,515	1,314,515
Restricted for noncurrent receivables	1,299,743	-	1,299,743
Unrestricted	<u>1,039,212</u>	<u>(523,361)</u>	<u>515,851</u>
Total net position	<u>\$ 8,928,887</u>	<u>\$ 17,522,929</u>	<u>\$ 26,451,816</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Government-wide Statement of Activities
Year Ended September 30, 2014

Functions / Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 989,996	\$ 121,886	\$ 30,000	\$ -	\$ (838,110)
Public safety					
Police	257,593	275,068	-	-	17,475
Fire	394,510	472,961	-	-	78,451
Protective inspections	74,907	-	-	-	(74,907)
Total public safety	727,010	748,029	-	-	21,019
Physical environment					
Mosquito control	7,547	-	-	-	(7,547)
Stormwater management	7,421	-	-	-	(7,421)
Total physical environment	14,968	-	-	-	(14,968)
Transportation					
Streets and lighting	926,237	424,807	-	3,111	(498,319)
Culture and recreation					
Library	25,000	-	-	-	(25,000)
Parks and recreation	372,336	175,389	-	-	(196,947)
Civic Center	61,706	28,709	-	-	(32,997)
Total culture and recreation	459,042	204,098	-	-	(254,944)
Economic environment					
Economic development	6,600	-	-	-	(6,600)
Human services					
Animal control	192,016	104,976	-	-	(87,040)
Interest on long-term debt	9,742	-	-	-	(9,742)
Total governmental activities	3,325,611	1,603,796	30,000	3,111	(1,688,704)
Business-type activities					
Water System	1,334,880	1,548,310	-	3,396,360	3,609,790
Sewer System	1,169,427	721,542	-	87,000	(360,885)
Total business-type activities	2,504,307	2,269,852	-	3,483,360	3,248,905
Total	\$ 5,829,918	\$ 3,873,648	\$ 30,000	\$ 3,486,471	\$ 1,560,201

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Government-wide Statement of Activities (continued)
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net (expense) / revenue from previous page	\$ (1,688,704)	\$ 3,248,905	\$ 1,560,201
General revenues			
Taxes	1,169,762	-	1,169,762
Intergovernmental	577,906	-	577,906
Investment income	2,172	8,999	11,171
Miscellaneous	<u>131,033</u>	<u>-</u>	<u>131,033</u>
Total general revenues	<u>1,880,873</u>	<u>8,999</u>	<u>1,889,872</u>
Changes in net position	192,169	3,257,904	3,450,073
Net position - October 1, 2013	<u>8,736,718</u>	<u>14,265,025</u>	<u>23,001,743</u>
Net position - September 30, 2014	<u>\$ 8,928,887</u>	<u>\$ 17,522,929</u>	<u>\$ 26,451,816</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2014

Assets

Cash	\$ 390,152
Investments	819,882
Receivables	
Accounts	170,329
Taxes	1,575
Special assessments	7,458
Due from other funds	1,299,743
Due from other governments	<u>187,441</u>
Total assets	<u>\$ 2,876,580</u>

Liabilities and Fund Balance

Liabilities	
Accounts payable	\$ 158,568
Accrued liabilities	57,833
Due to other governments	<u>211,440</u>
Total liabilities	<u>427,841</u>
Fund balance	
Nonspendable	1,299,743
Unassigned	<u>1,148,996</u>
Total fund balance	<u>2,448,739</u>
Total liabilities and fund balance	<u>\$ 2,876,580</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2014

Total fund balance - governmental funds	\$ 2,448,739
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,766,084
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Other assets that are not available to pay for current-period expenditures are not reported in the funds.	14,391
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Long-term liabilities, including notes and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(300,327)</u>
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Net position of governmental activities	<u>\$ 8,928,887</u>
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See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds
Year Ended September 30, 2014

Revenues	
Taxes and special assessments	\$ 2,450,854
Licenses and permits	77,082
Intergovernmental revenue	330,428
Charges for services	470,869
Fines and forfeitures	24,656
Miscellaneous revenues	<u>161,915</u>
Total revenues	<u>3,515,804</u>
Expenditures	
Current	
General government	<u>929,873</u>
Public safety	
Police	257,593
Fire	360,416
Protective inspections	<u>69,013</u>
Total public safety	<u>687,022</u>
Physical environment	
Mosquito control	<u>7,547</u>
Transportation	
Streets and lighting	<u>923,406</u>
Culture and recreation	
Library	25,000
Parks	313,483
Civic Center	<u>49,090</u>
Total culture and recreation	<u>387,573</u>
Economic environment	
Economic development	<u>6,600</u>
Human services	
Animal control	<u>192,062</u>
Debt service - fire trucks and wharf	
Principal retirement	460,234
Interest	<u>10,891</u>
Total debt service	<u>471,125</u>
Total expenditures (carried forward)	<u>3,605,208</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds (continued)
Year Ended September 30, 2014

Total expenditures (brought forward)	<u>3,605,208</u>
Excess of revenues under expenditures	(89,404)
Other financing sources (uses)	
Loan proceeds	<u>84,457</u>
Net change in fund balance	(4,947)
Fund balance - October 1, 2013	<u>2,453,686</u>
Fund balance - September 30, 2014	<u>\$ 2,448,739</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
Year Ended September 30, 2014

Net changes in fund balance - total governmental funds	\$ (4,947)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense in the Statement of Activities exceeded capital outlays in the governmental funds in the current period	
	(167,334)
The net effect of various transactions involving available financial resources	(13,068)
Net changes in debt	<u>377,518</u>
Change in net position of governmental activities	<u>\$ 192,169</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended September 30, 2014

	Original Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes and special assessments	\$ 2,155,351	\$ 2,450,854	\$ 295,503
Licenses and permits	52,200	77,082	24,882
Intergovernmental revenue	1,009,373	330,428	(678,945)
Charges for services	471,522	470,869	(653)
Fines and forfeitures	15,000	24,656	9,656
Miscellaneous revenues	<u>35,750</u>	<u>161,915</u>	<u>126,165</u>
Total revenues	<u>3,739,196</u>	<u>3,515,804</u>	<u>(223,392)</u>
Expenditures			
Current			
General government	1,065,186	929,873	135,313
Public safety	793,611	687,022	106,589
Physical environment	17,735	7,547	10,188
Transportation	1,234,395	923,406	310,989
Culture and recreation	880,008	387,573	492,435
Economic environment	31,600	6,600	25,000
Human services	180,992	192,062	(11,070)
Debt service - fire trucks and wharf			
Principal retirement	74,778	460,234	(385,456)
Interest	<u>10,891</u>	<u>10,891</u>	<u>-</u>
Total expenditures	<u>4,289,196</u>	<u>3,605,208</u>	<u>683,988</u>
Excess of revenues under expenditures	<u>(550,000)</u>	<u>(89,404)</u>	<u>460,596</u>
Other financing sources (uses)			
Loan proceeds	-	84,457	84,457
Operating transfers-in	350,000	-	(350,000)
Operating transfers-out	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total other financing sources (uses)	<u>300,000</u>	<u>84,457</u>	<u>(215,543)</u>
Excess of revenues and other financing sources under expenditures and other uses	<u>\$ (250,000)</u>	<u>(4,947)</u>	<u>\$ 245,053</u>
Fund balance - October 1, 2013		<u>2,453,686</u>	
Fund balance - September 30, 2014		<u>\$ 2,448,739</u>	

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-type Activities Enterprise Fund Water and Sewer
Current Assets	
Cash	\$ 35,666
Investments	523,294
Receivables, net	
Accounts	328,640
Special assessments	59,992
Accrued interest	<u>29,558</u>
Total current assets	<u>977,150</u>
Restricted assets	
Cash	250,154
Investments	1,349,699
Due from other governments	<u>61,417</u>
Total restricted assets	<u>1,661,270</u>
Capital assets	
Land and improvements	1,466,338
Depreciable capital assets, net	<u>31,884,080</u>
Total capital assets	<u>33,350,418</u>
Total assets (carried forward)	<u>35,988,838</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Net Position
Proprietary Funds (continued)
September 30, 2014

	Business-type Activities Enterprise Fund Water and Sewer
Total assets (brought forward)	<u>35,988,838</u>
Liabilities	
Current liabilities	
Accounts payable	106,858
Contract payable	15,858
Accrued liabilities	<u>78,052</u>
Total current liabilities	<u>200,768</u>
Liabilities payable from restricted assets	
Contracts payable	61,417
Accrued interest	41,424
Deposits payable	243,914
Current portion of long-term debt	<u>76,828</u>
Total liabilities payable from restricted assets	<u>423,583</u>
Noncurrent liabilities	
Due to other funds	1,299,743
Notes payable	202,815
Revenue bonds payable	<u>16,339,000</u>
Total noncurrent liabilities	<u>17,841,558</u>
Total liabilities	<u>18,465,909</u>
Net position	
Invested in capital assets, net of related debt	16,731,775
Restricted for construction and debt retirement	1,314,515
Unrestricted	<u>(523,361)</u>
Total net position	<u>\$ 17,522,929</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Revenues, Expenses
and Change in Net Position
Proprietary Funds
Year Ended September 30, 2014

	Business-type Activities Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	<u>\$ 2,269,852</u>
Operating expenses	
Administrative	199,551
Treatment plants	1,008,465
Water distribution	163,879
Wastewater collection	108,779
Depreciation and amortization	<u>778,528</u>
Total operating expenses	<u>2,259,202</u>
Operating income	<u>10,650</u>
Nonoperating revenues (expenses)	
Interest income	8,999
Interest expense and fiscal charges	<u>(245,105)</u>
Total nonoperating revenues (expenses)	<u>(236,106)</u>
Net loss before contributions	(225,456)
Capital contributions	<u>3,483,360</u>
Changes in net position	3,257,904
Net position - October 1, 2013	<u>14,265,025</u>
Net position - September 30, 2014	<u><u>\$ 17,522,929</u></u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2014

	Business-type Activities Enterprise Fund Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 2,232,039
Cash payments for goods and services	(958,205)
Cash payments to employees for services and related payroll costs	<u>(510,759)</u>
Net cash provided by operating activities	<u>763,075</u>
Cash flows from noncapital financing activities:	
Deposits received from customers less deposits returned to customers	<u>20,060</u>
Net cash provided by noncapital financing activities	<u>20,060</u>
Cash flows from capital and related financing activities	
Capital contributed - impact fees	189,672
Capital grants received	5,181,228
Net loans from other funds	50,045
Acquisition and construction of capital assets	(5,447,043)
Principal paid on revenue bonds payable	(63,000)
Principal paid on note payable	(10,541)
Interest paid on notes and revenue bonds payable	<u>(220,775)</u>
Net cash used for capital and related financing activities	<u>(320,414)</u>
Cash flows from investing activities:	
Principal received on special assessments	5,539
Interest received on special assessments	2,161
Interest received on investments	<u>4,207</u>
Net cash provided by investing activities	<u>11,907</u>
Net increase in cash and cash equivalents	474,628
Cash and cash equivalents - October 1, 2013	<u>1,684,185</u>
Cash and cash equivalents - September 30, 2014	<u><u>\$ 2,158,813</u></u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended September 30, 2014

	Business-type Activities Enterprise Fund <u>Water and Sewer</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>10,650</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	778,528
Changes in assets and liabilities:	
Increase in trade receivables	(37,813)
Increase in trade accounts payable	4,828
Increase in accrued payroll and related expenses	<u>6,882</u>
Total adjustments	<u>752,425</u>
Net cash provided by operating activities	<u>\$ 763,075</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014

	General Employees Pension Trust Fund	Firefighters Pension Trust Fund	Total Pension Trust Funds	Agency Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Investments	\$ -	\$ 1,174,681	\$ 1,174,681	\$ 124,948
Receivables, net	<u>-</u>	<u>8,941</u>	<u>8,941</u>	<u>140,216</u>
Total assets	<u>-</u>	<u>1,183,622</u>	<u>1,183,622</u>	<u>\$ 265,164</u>
Liabilities				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 265,164</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 265,164</u>
Net position				
Held in trust for pension benefits	<u>-</u>	<u>1,183,622</u>	<u>1,183,622</u>	
Total net position	<u>\$ -</u>	<u>\$ 1,183,622</u>	<u>\$ 1,183,622</u>	

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2014

	General Employees Pension Trust Fund	Firefighters Pension Trust Fund	Total Pension Trust Funds
Additions			
Contributions and earnings			
Employer	\$ -	\$ 15,947	\$ 15,947
Employee	-	1,310	1,310
State	-	21,891	21,891
Investment earnings	<u>-</u>	<u>89,800</u>	<u>89,800</u>
Total contributions and earnings	<u>-</u>	<u>128,948</u>	<u>128,948</u>
Deductions			
Administrative	-	3,896	3,896
Benefits	-	-	-
Transfer of forfeited funds	<u>97,839</u>	<u>-</u>	<u>97,839</u>
Total deductions	<u>97,839</u>	<u>3,896</u>	<u>101,735</u>
Changes in net position	(97,839)	125,052	27,213
Net position - October 1, 2013	<u>97,839</u>	<u>1,058,570</u>	<u>1,156,409</u>
Net position - September 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ 1,183,622</u></u>	<u><u>\$ 1,183,622</u></u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

The accounting methods and procedures adopted by the City of LaBelle, Florida, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City of LaBelle's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of LaBelle (the City) was incorporated under the Florida Statutes, Acts of 1925, Chapter 11580 - (245). The City is governed by a five-member board consisting of an elected mayor and four other elected commissioners. The City's major operations include police and fire protection, parks, library and recreation, public works and general administrative services. In addition, the City owns and operates water and sewer systems.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Significant changes in the Statement affecting the financial statements include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the City's governmental and business-type activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City elected to implement the general provisions of the Statement during the fiscal year ended September 30, 2003, and made the adjustment to retroactively report infrastructure assets (assets acquired prior to October 1, 2002) during the fiscal year ended September 30, 2007.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity

Government Accounting Standards Board (GASB) Statement 14 entitled "The Financial Reporting Entity" establishes criteria for determining which organizations should be included in a governmental financial reporting entity. Based upon application of these criteria, the City has determined that there are no additional governmental departments, agencies, institutions, commissions, public authorities or other governmental organizations operating within the jurisdiction of the City Commission that would be considered component units to be included in the financial statements of the City.

Basic Financial Statements - Government-wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, streets and sidewalks, and general administrative services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City had no nonmajor funds to be reported in the fund financial statements.

The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund

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

Proprietary Funds

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flow. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the City:

Enterprise Funds

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

Fiduciary Funds

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 funds are 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 (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments (continued)

The City does not have an adopted investment policy since it follows Florida Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration (SBA), obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds. In addition, the pension trust plan for the firefighters is allowed to invest in equity securities, corporate bonds, and mutual funds.

The City follows state statutes for allowable investments. However, state statutes do not specifically address the risks disclosed in GASB No. 40. No policy exists for the following risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

For all funds, except the pension trust fund which is required to be invested separately, investments consist of noninterest-bearing and interest-bearing bank accounts at financial institutions that qualify as public depositories. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280).

Investments of the pension fund consist of mutual funds and cash equivalents. All investments, except as noted below, are reported at fair market value using quoted market prices. Money market investments with a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings. Purchases and sales of investments are recorded on the trade dates. Net realized gains and losses on sale of investments are reflected in current operating results as investment earnings along with interest and dividends.

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Buildings	40 years
Water and sewer system	30 - 50 years
Machinery and equipment	5 - 10 years
Improvements	10 - 20 years
Other infrastructure	10 - 40 years

The total amount of interest that was capitalized in connection with the water system improvement project construction in progress during the fiscal year ended September 30, 2014, was \$268,037.

During the year ended September 30, 2013, changes were made to reflect the effect of implementing GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities. This statement requires loan and bond issue costs to be shown as current-period outflows of resources (expenses). During the year ended September 30, 2013, the beginning net position of business-type activities was restated to implement this change in accounting principle.

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2007. The City elected to implement the general provisions of GASB Statement No. 34 during the fiscal year ended September 30, 2003, and implemented the retroactive infrastructure provisions in the fiscal year ended September 30, 2007.

The City engaged a professional consultant to determine the proper amounts for the retroactive infrastructure provisions implementation. The City recorded the amounts provided by the professional consultant for the retroactive infrastructure assets as of September 30, 2006, by adjusting the beginning balances for the governmental activities capital assets of the City.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balances

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position has three components - invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Commission through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City Commission. Assigned fund balance is a limitation imposed by a designee of the City Commission. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Proprietary fund net position is classified the same as in the government-wide statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period the inventory items are used, rather than in the period purchased.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. The City uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation, as well as those expected to become eligible in the future. An employee is entitled to a termination payment for sick leave after ten years of service.

Proprietary Fund

The only nonoperating revenue for the Proprietary Fund was investment earnings. All other revenues were considered operating revenues.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as internal balances (government-wide statements) or as interfund receivables and payables (fund financial statements) as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental activities and business-type activities are netted as transfers - internal in the government-wide financial statements. There were no transfers - internal between governmental activities and business-type activities during the fiscal year ended September 30, 2014.

Capitalization Policy

The capitalization policy of the City is to capitalize all assets with a cost of \$5,000 or more with an expected life of one year or more.

Use of Estimates

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

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the legally adopted budgetary data of the City's funds, as reflected in the financial statements:

1. During August or September of each year, the Treasurer submits to the City Commission proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them. Budgetary control is established at the fund level.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budgets are legally enacted through passage of a Resolution required by the State of Florida.
4. The budgets of the City's funds are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted revenues and expenditures in the accompanying financial statements reflect amounts as originally adopted. There were no amendments made to the budget during the fiscal year ended September 30, 2014.

Date of Management's Review

Management has evaluated subsequent events through June 10, 2015, the date on which the financial statements were available to be issued.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS

Cash

At year end, the City's cash consisted of funds in petty cash and non-interest bearing bank accounts in financial institutions which have been designated qualified public depositories. The petty cash for all funds at September 30, 2014, was \$1,475. The noninterest-bearing bank accounts totaled \$674,497 at September 30, 2014.

Deposits

At September 30, 2014, the carrying amount of the City's noninterest-bearing and interest-bearing bank accounts (including agency fund) was \$3,492,320 and the banks' balances were \$3,506,578. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)

Deposits (continued)

These deposits are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Depository Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

Florida Statutes authorize investments that include money market accounts, savings accounts repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration (SBA), obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds.

During the year, investments consisted of interest-bearing bank accounts and an investment in a single employer defined benefit pension plan. At September 30, 2014, the City had the following investments:

Interest-bearing bank accounts (including agency fund)	\$ 2,817,823
Investment in single employer defined benefit pension plan	<u>1,174,681</u>
	<u>\$ 3,992,504</u>

Due to the City's use of short-term interest-bearing bank accounts in financial institutions that are covered by federal depository insurance or collateral pledged under Florida Statutes Chapter 280, it is considered that credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk to these assets are nominal or nonexistent.

The City's pension plan for the firefighters is a single employer defined benefit pension plan with the following assets at market value as of September 30, 2014:

Cash	\$ 7,048
Bond pooled fund	187,949
Core pooled fund	274,875
Growth stock pooled fund	93,975
Small to mid cap stock pooled fund	128,040
Large cap value stock pooled fund	96,324
Russell 1000 index fund	274,875
International stock pooled fund	<u>111,595</u>
	<u>\$1,174,681</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)

The firefighters participate in the Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust administered by the Florida League of Cities. The concentration of credit risk and foreign currency risk are addressed by having a diversified group of pooled funds with only 9.5% invested in an international stock pooled fund.

More information regarding the firefighters' pension trust fund can be found starting on page 54 in Note 16.

NOTE 3 - PROPERTY TAXES

In general, the City is permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. There are some limitations as to the amount of the annual increase in tax levy; however, these limitations can be overridden by a majority vote of the City Commission. The tax levy rate for general government services for the year ended September 30, 2014, was \$3.1046 per \$1,000, and was adopted by resolution on September 26, 2013.

Ad valorem taxes are levied on property values as of January 1 with the millage established during September. The taxes are due and payable on November 1 of each year. Liens are placed on property as of January 1. All unpaid taxes become delinquent on April 1 following the year in which they are levied. Discounts are allowed for early payment based on a graduated scale until taxes paid in March are without any discount. On or prior to June 1 following the tax year, tax certificates are sold for all delinquent taxes.

The City accrues property tax revenue in the fund statements only to the extent that the revenue is measurable and available since the collection of these taxes coincides with the fiscal year in which levied, and the City consistently has no material uncollected property taxes at year end. The billing and collection of all property taxes is done for the City by Hendry County.

NOTE 4 - ACCOUNTS RECEIVABLE - BUSINESS-TYPE ACTIVITIES AND AGENCY FUND

Accounts receivable of the business-type activities and agency fund consisted of the following as of September 30, 2014:

	Business-type Activities	Agency Fund
Billed	\$145,309	\$ 77,641
Unbilled	<u>183,331</u>	<u>62,575</u>
Total	<u>\$328,640</u>	<u>\$140,216</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 5 - INTERNAL BALANCES AND TRANSFERS - INTERNAL

Internal balances (receivables and payables) between the governmental activities and the business-type activities at September 30, 2014, were as follows:

	Internal Receivables	Internal Payables
Governmental Activities		
General Fund	\$ 1,299,743	\$ -
Business-type Activities		
Water and Sewer Fund	<u>-</u>	<u>1,299,743</u>
Total	<u>\$ 1,299,743</u>	<u>\$ 1,299,743</u>

Interfund receivables and payables within the fiduciary funds were reclassified as receivables or payables to external parties in the government-wide statement of net position and on the individual fund balance sheets.

The City had no transfers - internal between the governmental activities and business-type activities during the fiscal year ended September 30, 2014.

NOTE 6 - RESTRICTED CASH, INVESTMENTS, AND DUE FROM OTHER GOVERNMENTS

The restricted assets in the business-type activities were comprised of the following as of September 30, 2014:

Debt service accounts established by bond ordinance, the expenditure of which is restricted by the terms of the ordinance	\$ 366,159
Due from other government for current water treatment plant project construction	61,417
Construction funds for future development	989,780
Customer utility deposits	<u>243,914</u>
Total	<u>\$1,661,270</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 7 - CAPITAL ASSETS

The following is a summary of changes in the governmental activities capital assets for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Land and improvements	\$ 3,808,907	\$ 58,779	\$ -	\$ 3,867,686
Buildings - City Hall	915,345	-	-	915,345
Buildings - other	957,231	-	-	957,231
Equipment, furniture, and fixtures	2,621,065	69,172	75,170	2,615,067
Roads and streets	2,687,399	-	-	2,687,399
Roads and streets - retroactive	<u>951,681</u>	<u>-</u>	<u>-</u>	<u>951,681</u>
	11,941,628	127,951	75,170	11,994,409
Less accumulated depreciation	<u>5,008,210</u>	<u>295,285</u>	<u>75,170</u>	<u>5,228,325</u>
Totals	<u>\$ 6,933,418</u>	<u>\$ (167,334)</u>	<u>\$ -</u>	<u>\$ 6,766,084</u>

The following is a summary of the changes in the business-type activities capital assets for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Land and improvements	\$ 1,466,338	\$ -	\$ -	\$ 1,466,338
Treatment plants & systems	35,879,645	3,462,123	-	39,341,768
Other equipment	474,513	22,357	-	496,870
Construction in progress - water system improvement project	<u>1,136,299</u>	<u>75,023</u>	<u>-</u>	<u>1,211,322</u>
	38,956,795	3,559,503	-	42,516,298
Less accumulated depreciation	<u>8,387,352</u>	<u>778,528</u>	<u>-</u>	<u>9,165,880</u>
Totals	<u>\$30,569,443</u>	<u>\$ 2,780,975</u>	<u>\$ -</u>	<u>\$33,350,418</u>

The total amount of interest that was capitalized in connection with the water system improvement project construction in progress during the fiscal year ended September 30, 2014, was \$268,037.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 48,906
Public safety	71,837
Physical environment	7,421
Transportation	90,614
Culture and recreation	76,189
Human services	<u>318</u>
Total depreciation expense - governmental activities	<u>\$ 295,285</u>
Business-type activities	
Water system	\$ 289,454
Sewer system	<u>489,074</u>
Total depreciation expense - business-type activities	<u>\$ 778,528</u>

NOTE 8 - SUMMARY OF LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2014:

	Balance October 1, 2013	New Debt Issued	Retirement of Debt	Balance Sept. 30, 2014	Due Within One Year	Amounts Due in More Than One Year
Governmental Activities						
General Fund (see Note 9)						
Notes payable - fire trucks	\$ 235,071	\$ -	\$ 74,777	\$ 160,294	\$ 78,244	\$ 82,050
Note payable - wharf	301,000	84,457	385,457	-	-	-
Contract payable - software	15,858	-	-	15,858	7,929	7,929
Compensated absences	106,668	15,044	-	121,712	-	121,712
Business-type Activities						
Water and Sewer Fund						
Revenue bonds payable (see Note 10)	16,468,000	-	63,000	16,405,000	66,000	16,339,000
Notes payable - FDEP SRF (see Note 11)	<u>224,184</u>	<u>-</u>	<u>10,541</u>	<u>213,643</u>	<u>10,828</u>	<u>202,815</u>
	<u>\$ 17,350,781</u>	<u>\$ 99,501</u>	<u>\$ 533,775</u>	<u>\$ 16,916,507</u>	<u>\$ 163,001</u>	<u>\$ 16,753,506</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 9 - AMOUNTS DUE WITHIN ONE YEAR AND IN MORE THAN ONE YEAR - GOVERNMENTAL ACTIVITIES

Schedule of Changes in the Amounts Due Within One Year and in More Than One Year

	Notes Payable	Contract Payable	Compensated Absences	Totals
Amounts due within one year and in more than one year at October 1, 2013	\$ 536,071	\$ 15,858	\$ 106,668	\$ 658,597
Debt issued	84,457	-	-	84,457
Debt retired	460,234	-	-	460,234
Increase in accrual for compensated absences	<u>-</u>	<u>-</u>	<u>15,044</u>	<u>15,044</u>
Amounts due within one year and in more than one year at September 30, 2014	<u>\$ 160,294</u>	<u>\$ 15,858</u>	<u>\$121,712</u>	<u>\$ 297,864</u>

Compensated Absences

Maximum accumulated earned vacation and sick leave benefits as of September 30, 2014, are \$43,630 and \$78,082, respectively.

Composition of the Amounts Due Within One Year and in More Than One Year

The composition of the amounts due within one year and in more than one year of the governmental activities as of September 30, 2014, is as follows:

Notes Payable - Fire Trucks

Note payable to a finance company, payable in annual installments of \$53,071, including interest at 4.5%, with the final payment due August, 2016, secured by a fire truck with a book value of \$231,328. \$ 99,369

Note payable to a finance company, payable in annual installments of \$32,597, including interest at 4.5%, with the final payment due August 2016, secured by two fire trucks with a book value of \$140,317. 60,925

Note Payable - Wharf

Note payable to a bank, dated August 13, 2013, in the total amount of \$400,000. Funds can be withdrawn on the unsecured note as needed for improvements to the City wharf. Funds are to be repaid by the maturity date of November 30, 2013, including interest at 2.5%. -

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 9 - AMOUNTS DUE WITHIN ONE YEAR AND IN MORE THAN ONE YEAR -
GOVERNMENTAL ACTIVITIES (continued)

Contract Payable - Utility Billing and Accounting
Software

Contract payable to a computer software company,
payable in two remaining annual installments of
\$7,929 on January 2, 2015, and January 2, 2016,
with 0% interest.

15,858

Compensated Absences

Maximum accumulated earned vacation and
sick leave benefits as of September 30, 2014.

121,712

297,864

Less amounts due in one year

86,173

Amounts due in more than one year

\$ 211,691

Annual Maturities of the Amounts Due Within One Year and in More Than One Year

The annual requirements to amortize the amounts due within one year and in more than one year
of the governmental activities as of September 30, 2014, are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 86,173	\$ 7,424	\$ 93,597
2016	<u>89,979</u>	<u>3,618</u>	<u>93,597</u>
	176,152	11,042	187,194
Amount provided for compensated absences	<u>121,712</u>	<u>-</u>	<u>121,712</u>
	<u>\$ 297,864</u>	<u>\$ 11,042</u>	<u>\$ 308,906</u>

Annual maturities of compensated absences cannot be reasonably determined.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 10- REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES

During the fiscal year ended September 30, 2005, the City issued Water and Sewer Revenue Bonds, Series 2005, dated June 28, 2005, to finance a part of the cost of acquiring, constructing and erecting extensions and improvements to the municipal water and sewer systems. The bonds are payable from and secured by a lien upon and the pledge of the net revenues to be derived from the operation of the systems. The bonds are payable, equally and ratably, from such pledged funds with the outstanding Water and Sewer Revenue Bonds, Series 2002, dated on February 28, 2002.

During the fiscal year ended September 30, 2013, the City issued Water and Sewer Revenue Bonds, Series 2013, dated September 26, 2013, to finance a part of the cost of acquiring and constructing production and deep injection wells and a new reverse osmosis water treatment plant. The bonds are payable from and secured by a lien upon and the pledge of the net revenues to be derived from the operation of the systems and the portion of the Revenue Sharing Funds designated as the City's "guaranteed entitlement" under the provisions of Chapter 218, Part II, Florida Statutes, as amended. The bonds are payable from the pledged funds on a parity with the issuer's outstanding Water and Sewer Revenue Bonds, Series 2002, dated on February 28, 2002, and Water and Sewer Revenue Bond, Series 2005, dated June 28, 2005, in the manner provided in the bond resolution.

The Water and Sewer Fund had the following bonds outstanding as of September 30, 2014:

Water and Sewer Revenue Bonds - Series 2002

4.375% revenue bonds payable, issued to finance improvements to water and sewer systems; payment of principal, interest, and reserve account contributions are secured by net revenues of the water and sewer systems; interest only for 2002 and 2003, then bonds mature serially on September 1, each year until the year 2041.

\$ 2,270,000

Water and Sewer Revenue Bonds - Series 2005

4.25% revenue bonds payable, issued to finance improvements to water and sewer systems; secured by a lien on net revenues of the water and sewer systems; interest only for 2005 and 2006, then bonds mature serially on September 1, each year until the year 2044.

1,106,000

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 10 - REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES (continued)

Water and Sewer Revenue Bonds - Series 2013

2.75% revenue bonds payable, issued to finance improvements to the water system; secured by a lien on net revenues of the water and sewer systems and the guaranteed entitlement; interest only for 2014 and 2015, then bonds mature serially on September 1, each year until the year 2053.

	<u>13,029,000</u>
	16,405,000
Less current portion	<u>66,000</u>
Long-term portion	<u>\$16,339,000</u>

The following is a summary of bond transactions of the City for the year ended September 30, 2014:

	Water & Sewer Revenue Bonds - Series 2002	Water & Sewer Revenue Bonds - Series 2005	Water & Sewer Revenue Bonds - Series 2013
Original amount issued	<u>\$2,612,000</u>	<u>\$1,232,000</u>	<u>\$13,029,000</u>
Revenue bonds payable at October 1, 2013	\$2,315,000	\$1,124,000	\$13,029,000
Debt issued during fiscal year ended September 30, 2014	-	-	-
Debt retired during fiscal year ended September 30, 2014	<u>45,000</u>	<u>18,000</u>	<u>-</u>
Revenue bonds payable at September 30, 2014	<u>\$2,270,000</u>	<u>\$1,106,000</u>	<u>\$13,029,000</u>
Original date of obligation	2002	2005	2013
Final maturity date	2041	2044	2053

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 10 - REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES (continued)

The annual requirements to amortize the **Water and Sewer Revenue Bonds - Series 2002** bonds outstanding as of September 30, 2014, are as follows.

Year Ending September 30,	Interest	Principal	Total
2015	\$ 99,313	\$ 47,000	\$ 146,313
2016	97,256	48,000	145,256
2017	95,156	50,000	145,156
2018	92,969	53,000	145,969
2019	90,650	55,000	145,650
2020-2024	415,013	313,000	728,013
2025-2029	340,594	384,000	724,594
2030-2034	248,981	473,000	721,981
2035-2039	136,412	583,000	719,412
2040-2041	17,412	264,000	281,412
	<u>\$ 1,633,756</u>	<u>\$ 2,270,000</u>	<u>\$ 3,903,756</u>

The annual requirements to amortize the **Water and Sewer Revenue Bonds - Series 2005** bonds outstanding as of September 30, 2014, are as follows.

Year Ending September 30,	Interest	Principal	Total
2015	\$ 46,877	\$ 19,000	\$ 65,877
2016	46,324	20,000	66,324
2017	45,348	21,000	66,348
2018	44,455	21,000	65,455
2019	43,443	22,000	65,443
2020-2024	203,052	125,000	328,052
2025-2029	173,822	156,000	329,822
2030-2034	137,823	192,000	329,823
2035-2039	93,455	235,000	328,455
2040-2044	39,042	295,000	334,042
	<u>\$ 873,641</u>	<u>\$ 1,106,000</u>	<u>\$ 1,979,641</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 10 - REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES (continued)

The annual requirements to amortize the **Water and Sewer Revenue Bonds - Series 2013** bonds outstanding as of September 30, 2014, are as follows.

Year Ending September 30,	Interest	Principal	Total
2015	\$ 358,298	\$ -	\$ 358,298
2016	358,298	45,000	403,298
2017	357,060	206,000	563,060
2018	351,395	212,000	563,395
2019	345,565	218,000	563,565
2020-2024	1,634,518	1,184,000	2,818,518
2025-2029	1,462,532	1,356,000	2,818,532
2030-2034	1,265,660	1,551,000	2,816,660
2035-2039	1,040,270	1,778,000	2,818,270
2040-2044	781,797	2,038,000	2,819,797
2045-2049	485,870	2,332,000	2,817,870
2050-2053	146,877	2,109,000	2,255,877
	<u>\$ 8,588,140</u>	<u>\$ 13,029,000</u>	<u>\$ 21,617,140</u>

The annual requirements to amortize the **Water and Sewer Revenue Bonds - All Series** bonds outstanding as of September 30, 2014, are as follows.

Year Ending September 30,	Interest	Principal	Total
2015	\$ 504,488	\$ 66,000	\$ 570,488
2016	501,878	113,000	614,878
2017	497,564	277,000	774,564
2018	488,819	286,000	774,819
2019	479,658	295,000	774,658
2020-2024	2,252,583	1,622,000	3,874,583
2025-2029	1,976,948	1,896,000	3,872,948
2030-2034	1,652,464	2,216,000	3,868,464
2035-2039	1,270,137	2,596,000	3,866,137
2040-2044	838,251	2,597,000	3,435,251
2045-2049	485,870	2,332,000	2,817,870
2050-2053	146,877	2,109,000	2,255,877
	<u>\$ 11,095,537</u>	<u>\$ 16,405,000</u>	<u>\$ 27,500,537</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 10 - REVENUE BONDS PAYABLE - BUSINESS-TYPE ACTIVITIES (continued)

The revenue bond indentures provide for the establishment of various reserve accounts and also provide for compliance with certain limitations and restrictions. Some of the requirements of the bond covenants are as follows.

1. Water and Sewer System Revenue Fund - established to which all gross revenue shall be deposited and then disbursed into other accounts as follows:
2. Operation and Maintenance Fund - used exclusively for the purpose of receiving funds monthly for paying operating expenses pursuant to the annual budget.
3. Water and Sewer Revenue Bonds, Sinking Fund - sums funded monthly sufficient to pay the interest and principal due each September 1.
4. Reserve Account to the Sinking Fund - sums funded monthly equal to 1/120 of the maximum annual bond service requirement until the reserve equals or exceeds the maximum annual bond service requirement.
5. Renewal and Replacement Short-Lived Asset Fund - transfer from the Revenue Fund to the Renewal and Replacement Short-Lived Assets Fund the amount of \$50,000 each year until the Renewal and Replacement Short-Lived Asset Fund equals \$500,000. The Renewal and Replacement Short-Lived Asset Fund is to be maintained at the \$500,000 level. (Bond Series 2013).
6. The City shall establish utility rates sufficient to produce revenues which are equal to or greater than the operating expenses of the water and sewer systems, less depreciation, plus all bond sinking and reserve requirements.

NOTE 11 - NOTE PAYABLE - FDEP STATE REVOLVING FUND - BUSINESS-TYPE ACTIVITIES

Note payable to Florida Department of Environmental Protection State Revolving Fund. The beginning of the repayment period is July 15, 2010. The note is payable in forty semi-annual payments of \$8,272, including interest at the rate of 2.71%, beginning January 15, 2011. The maturity date of the loan is July 15, 2030. Proceeds from the loan were used to construct improvements to the older water treatment plant.

\$ 213,643

Less current portion

10,828

Long-term portion

\$ 202,815

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 11 - NOTE PAYABLE - FDEP STATE REVOLVING FUND - BUSINESS-TYPE ACTIVITIES
(continued)

The annual requirements to amortize the Note Payable - FDEP State Revolving Fund as of September 30, 2014, are as follows:

Year Ending September 30,	Interest	Principal	Total
2015	\$ 5,717	\$ 10,828	\$ 16,545
2016	5,422	11,123	16,545
2017	5,118	11,427	16,545
2018	4,806	11,739	16,545
2019	4,486	12,059	16,545
2020-2024	17,311	65,414	82,725
2025-2029	7,887	74,838	82,725
2030	330	16,215	16,545
	<u>\$ 51,077</u>	<u>\$ 213,643</u>	<u>\$ 264,720</u>

NOTE 12 - EMPLOYEE ANNUAL LEAVE

As explained in Note 1, City employees may accumulate unused vacation and sick leave within certain limits.

Records are maintained for employees showing the number of days leave accrued. The amount of vacation and sick leave accrued in the governmental activities as an accrued liability for the year ended September 30, 2014, was \$6,673. The amount accrued in the governmental activities as long-term debt was \$121,712. The amount of accrued annual leave in the business-type activities was \$61,930 which is reported as an accrued liability.

NOTE 13 - OPERATING GRANTS, CAPITAL GRANTS AND OTHER CONTRIBUTIONS

The following is a schedule of operating grants, capital grants and other contributions received by the City during the fiscal year ended September 30, 2014.

	Governmental Activities	Business-type Activities	Total
Federal Awards Programs	\$ 3,111	\$ 3,193,688	\$3,196,799
State Financial Assistance	30,000	-	30,000
Contributions from customers and developers	-	189,672	189,672
Contribution from South Florida Water Management District	-	100,000	100,000
	<u>\$ 33,111</u>	<u>\$ 3,483,360</u>	<u>\$3,516,471</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 13 - OPERATING GRANTS, CAPITAL GRANTS AND OTHER CONTRIBUTIONS
(continued)

See pages 72-74 for more information concerning federal awards programs and state financial assistance received by the City during the fiscal year ended September 30, 2014.

Contributions from customers and developers to the business-type activities consisted of impact fees paid as required by a City ordinance. The impact fees are reserved for current and future construction. The Contribution from South Florida Water Management District to the business-type activities was used to make improvements to the water system.

NOTE 14 - NET POSITION AND FUND BALANCE

Restrictions of net position and classifications of fund balance of the City are created to either (1) satisfy legal covenants that require that a portion of the net position/fund balance be segregated, or (2) identify the portion of the net position/fund balance that is not appropriable for future expenditures. Specific restrictions of the net position and classifications of the fund balance are as follows:

Restricted for Construction and Debt Retirement

This restriction of net position was created to segregate the portion attributed for monies which have been designated for future construction or debt retirement. Within the Enterprise Fund, all impact fees which have been collected are designated for future constructions. Also, within the Enterprise Fund, the sinking fund, reserve account, and renewal and replacement accounts are restricted for construction and debt retirement.

Restricted for Noncurrent Receivables

This restriction of net position was created to identify the portion attributed to receivables not expected to be collected in the next fiscal year.

Nonspendable Fund Balance

This classification of fund balance was created to identify the portion attributed to receivables not expected to be collected in the next fiscal year.

Held in Trust for Pension Benefits

This restriction of net position was created to identify all resources contributed to or earned by the Pension Trust Funds as designated solely for pension benefits.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 15 - SEGMENT INFORMATION

The following is a list of key segment information for the business-type activities as of and for the year ended September 30, 2014.

	Water System	Sewer System	Total
Assets			
Current assets	\$ 2,130,222	\$ 508,198	\$ 2,638,420
Capital assets	23,237,395	10,113,023	33,350,418
Liabilities			
Current liabilities	481,918	142,433	624,351
Long-term liabilities	13,567,705	4,273,853	17,841,558
Net assets			
Invested in capital assets, net of related debt	9,994,752	6,737,023	16,731,775
Restricted	737,863	576,652	1,314,515
Unrestricted	585,379	(1,108,740)	(523,361)
Operating revenues	1,548,310	721,542	2,269,852
Operating expenses	1,238,608	1,020,594	2,259,202
Operating income (loss)	309,702	(299,052)	10,650
Non-operating revenues (expenses)	(93,933)	(142,173)	(236,106)
Capital contributions	3,396,360	87,000	3,483,360
Changes in net position	3,612,129	(354,225)	3,257,904
Beginning net position	7,705,865	6,559,160	14,265,025
Ending net position	11,317,994	6,204,935	17,522,929
Net cash provided by (used for):			
Operating activities	561,712	201,363	763,075
Noncapital financing activities	20,060	-	20,060
Capital and related financing activities	(145,978)	(174,436)	(320,414)
Investing activities	2,339	9,568	11,907
Beginning cash and cash equivalents	1,093,865	590,320	1,684,185
Ending cash and cash equivalents	1,531,998	626,815	2,158,813

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES

Florida Retirement System

Effective January 1, 2008, membership in the Florida Retirement System (FRS) is required for all of the City's full-time and part-time employees working in regularly established positions, except firefighters. General employees, except firefighters, which were hired from January 1, 1996, to December 31, 2007, were previously participants in a defined contribution plan for public employees. The City purchased the past service costs for these employees when the City elected to make them participants in the FRS as of January 1, 2008.

The FRS is a multiple-employer, cost-sharing retirement system. It was created December, 1970, with consolidation of the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972 the Judicial Retirement System was consolidated with the FRS. In 2007, the Institute of Food and Agricultural Sciences was consolidated under the Regular Class of the FRS as a closed group. The System was created to provide a program offering retirement, disability, and survivor benefits for participating public employees. Social Security coverage is also provided to all members.

The City's payroll for employees covered by the System for the year ended September 30, 2014, was approximately \$1,360,600. The City's total payroll was approximately \$1,498,800.

The FRS has five classes of membership. The City's employees, not including firefighters, belong to two of the five classes, the Elected Officers' Class, consisting of City Commissioners, and the Regular Class, consisting of administrative, operations and clerical employees.

Members are eligible for normal retirement when they have met the following minimum requirements:

Regular Class and Elected Officers' Class

Members initially enrolled before July 1, 2011 - vested with six years of service and age 62 or the age after 62 the member becomes vested or thirty years of service, regardless of age.

Members initially enrolled on or after July 1, 2011 - vested with eight years of service and age 65 or the age after 65 that the member becomes vested or thirty-three years of service regardless of age.

Early retirement or reduced retirement may be taken any time after a member has vested and is within 20 years of his/her normal retirement age. However, there is a 5% benefit reduction for each year remaining from a member's retirement age to his/her normal retirement age. Employees who retire after they are vested are entitled to a retirement benefit, payable monthly for life, equal to at least 1.60% (Regular Class) and 3.0% (Elected Officers' Class) of their average final compensation for each year of credited service, depending on the years served. For members initially enrolled before July 1, 2011, the average final compensation is the employee's average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensations is the employee's average of the eight highest fiscal years' earnings.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES
(continued)

Florida Retirement System (continued)

Benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. These benefit provisions and all other requirements are established by Chapters 112 and 121, Florida Statutes. The "pension benefit obligation" is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users (1) assess the FRS's funding status on a going-concern basis, (2) assess progress in accumulating sufficient assets to pay benefits when due, and (3) make comparisons among Public Employee Retirement Systems. The measure is independent of and should not be confused with the actuarial funding method used to determine contributions to the System.

Effective July 1, 2011, employees were required to contribute 3% of their gross covered payroll. The funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. The level percentages of payroll method is also used to amortize the unfunded liability over a period of 30 years, and to amortize each change in actuarial assumptions. Effective January 1, 1989, the Florida Legislature adopted contribution rates on a graduated scale during each of the next five years to amortize the unfunded liability as of June 30, 1987, over 30 years. The City's contribution rates as of September 30, 2014, were based on 6.11% of covered payroll for Regular Class, and 41.98% for Elected Officials Class.

Total pension costs connected with the FRS for the City for the year ended September 30, 2014, were approximately \$89,630, which is approximately 6.6% of the covered payroll for that period.

The Florida Retirement System Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the Florida Retirement System Trust Fund and earn monthly interest equivalent to an annual rate of 1.3%. In most cases, the DROP participant must cease employment after a maximum of 60 months in DROP, must satisfy the termination requirements for retirement, and must comply with reemployment restrictions thereafter. However, certain exceptions apply. Upon termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover, and monthly benefits are paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years. Employers must pay contributions at a rate of 11.02% of salary for all DROP participants.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES (continued)

Florida Retirement System (continued)

In 1987, the Florida Legislature established the Retiree Health Insurance Subsidy to assist retirees in paying health insurance costs. Eligible retirees received \$3 per month for each year of creditable service, up to 30 years, provided the retiree has proof of health insurance coverage. The program is funded by required contributions from the FRS participating employers. Each employer contributes 1.26% of covered payroll for all active employees. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or cancelled. The cost of the program for the City for the year ended September 30, 2014, was approximately \$16,530.

For fiscal years ended September 30, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, and 2006, the City contributed 100% of the required contributions to FRS. These contributions aggregated \$106,160, \$78,925, \$71,000, \$130,500, \$149,200, \$147,400, \$121,500, \$49,600 and \$47,400, respectively.

Historical Trend Information

Historical information presenting the System's progress in accumulating sufficient assets to pay benefits when due is presented in the Florida Retirement System's June 30, 2014, annual report which can be obtained by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by phoning (850)488-5706.

Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust - Firefighters Pension Trust Fund

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. The Florida League of Cities, Inc. has been designated as the plan administrator and the plan's fiscal year end is September 30. All firefighters shall become eligible to participate in the plan immediately when hired. Social Security coverage is also provided to the firefighters. The City shall make contributions to the Trust Fund, at least quarterly, for each plan year in an amount equal to the amount determined by the actuary, taking into account participant contributions, state contributions for such year, and the total cost for the plan year, as represented in the most recent actuarial valuation of the plan. The total cost for each plan year shall be defined as the total normal cost plus the additional amount sufficient to amortize the unfunded past service liability over the appropriate periods, commencing with the City's plan year in which the effective date of this plan occurs as determined by the actuary. City firefighters who participate in the retirement system shall be required to make regular contributions to the fund in the amount of 1% of their salary. Salary means the fixed monthly compensation paid a firefighter and where, as in the case of a volunteer firefighter, compensation is derived from actual services rendered, salary shall be the total cash compensation received yearly for such services, prorated on a monthly basis.

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Pension Trust Fund in the City's financial statements on pages 26 and 27. Information about the Plan is provided in a summary plan description. Also, a breakdown of the Plan's investments as of September 30, 2014, is included in Note 2 on page 37.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES (continued)

Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust - Firefighters Pension Trust Fund (continued)

A firefighter's normal retirement date shall be the first day of the month coincident with, or next following attainment of age 55 and 10 years of service or earlier attainment of age 52 and 25 years of service. The monthly retirement benefit shall be equal to the number of years of credited service multiplied by 2% and multiplied by final monthly compensation. Final monthly compensation shall be equal to 1/12 of the highest average earnings during the 5 best years out of the last 10 years of creditable service prior to separation as an active member or the career average, whichever is greater.

A firefighter may retire on his early retirement date, which shall be the first day of any month coincident with or next following the latter of the attainment of age 50 and the completion of 10 years of credited service. The amount of the accrued benefit will be reduced a maximum of 3% for each year before the normal retirement date.

A firefighter deemed to be totally and permanently disabled from a service connected injury or disease will receive the greater of a monthly 10-year certain and life annuity equal to 42% of average monthly salary at the time of disability or an amount equal to the monthly accrued retirement benefit. After 10 or more years of service, a firefighter deemed to be totally and permanently disabled from a non-service connected injury or disease will receive the greater of monthly 10-year certain and life annuity equal to 25% of average monthly salary at the time of disability or an amount equal to the monthly accrued retirement benefit.

If a firefighter dies prior to retirement in-the-line-of-duty or off-duty and he is not vested, his beneficiary shall receive a refund of 100% of the firefighter's accumulated contributions. If a member dies prior to retirement in-the-line-of-duty or off-duty, and he is vested, his beneficiary shall receive the participant's monthly accrued benefit payable for 10 years beginning on the participant's early or normal retirement age.

If a firefighter's employment is terminated, either voluntarily or involuntarily the firefighter shall be entitled to a refund of the money he has contributed or he may leave it deposited with the fund. If the firefighter has 10 or more years of credited service upon termination, the member shall be entitled to his accrued monthly retirement benefit starting at the member's otherwise normal or early retirement date provided he does not elect to withdraw his contributions and provided he survives to his normal or early retirement date.

The City's contribution rate as of September 30, 2014, was based on 12.17% of covered firefighter payroll. The City's payroll for firefighters covered by the plan for the fiscal year ended September 30, 2014, was approximately \$131,000. Total pension costs (City portion, net of state contributions) connected with the Florida Municipal Trust Fund Defined Benefit Plan established for firefighters of the City for the year ended September 30, 2014, were approximately \$15,950.

To satisfy GASB/statutory accounting and regulatory reporting requirements, the plan administrator retained Southern Actuarial Services Company, Inc. to prepare an actuarial valuation report for the retirement plan for the firefighters of the City as of October 1, 2014.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES (continued)

Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust - Firefighters Pension Trust Fund (continued)

The primary purpose of the report is to provide a summary of the funded status of the plan as of October 1, 2014, and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2014/15 plan year. In addition, the report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB (25/27)), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The actuarial valuation method used by the plan is the "Aggregate Cost" method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2014/15 minimum required contribution is zero. Furthermore, if an actuarial valuation is not prepared as of October 1, 2015, then no employer contribution is required for the 2015/16 plan year as well. Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$727,329.

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In the report, the excess contributions are referred to as an "advance employer contribution". As of October 1, 2014, the advance employer contribution was \$172,128, which reflects the advance employer contribution of \$162,008 as of October 1, 2011 plus \$10,120 of actual City contributions in excess of the minimum required contribution for the period October 1, 2011, through October 1, 2014.

The City may apply all or any portion of the advance employer contribution toward the minimum required contribution for any plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

As of October 1, 2014, the plan has accumulated excess Chapter 175/185 contributions of \$261,897. This amount is equal to the \$219,901 accumulated excess Chapter 175/185 contribution balance as of October 1, 2011, plus an additional \$41,996 in excess Chapter 175/185 contributions during the period October 1, 2011, through September 30, 2014. The total Chapter 175/185 distribution received during the 2011/12, 2012/13, and 2013/14 plan years was \$73,160, of which \$31,164 was allowed to be used to offset the City's minimum required contribution. This amount consisted of a \$23,870 distribution for the 2012/13 plan year, a \$25,970 distribution of the 2012/13 plan year, and a \$23,320 distribution for the 2013/14 plan year. The accumulated excess Chapter 175/185 contributions cannot be used to pay for the current plan of benefits.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES (continued)

Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust - Firefighters Pension Trust Fund (continued)

Instead the excess contributions may only be used to pay for qualifying benefit improvements in excess of the Chapter 175/185 minimum benefits.

Three assumptions have been changed since the prior valuation was completed. First, the assumed increase in future salaries was changed from a range of rates based on service to a flat 4% per year. Second, the mortality basis was changed from the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to the RP-2000 Mortality Table, project to 2015 by Scale AA. Finally the expense loading was increased from 6% of projected benefit liability to 16.5% of projected benefit liability.

Another important actuarial assumption for valuation of liabilities includes investment rate of return of 6.75%. The market value of assets earned 17.16% during the 2011/12 plan year, 11.93% during the 2012/13 plan year, and 8.42% during the 2013/14 plan year, for an average annual rate of return of 12.45% during this period, whereas a 6.75% annual investment rate of return was required to maintain a stable contribution rate.

Membership of the plan consisted of the following at October 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	0
Inactive plan members (32 of which are due a refund of contributions of approximately \$5,050)	36
Active plan members	<u>19</u>
Total	<u>55</u>

A schedule showing the development of the net pension obligation as of September 30, 2014 is as follows:

Net pension obligation as of October 1, 2011	\$ -0-
Annual pension cost for the 2011/12 plan year	29,188
Employer contributions for the 2011/12 plan year	<u>(29,188)</u>
Net increase (decrease) in net pension obligation	<u>-0-</u>
Net pension obligation as of October 1, 2012	<u>-0-</u>
Annual pension cost for the 2012/13 plan year	27,399
Employer contributions for the 2012/13 plan year	<u>(27,399)</u>
Net increase (decrease) in net pension obligation	<u>-0-</u>
Net pension obligation as of October 1, 2013	<u>-0-</u>
Annual pension cost for the 2013/4 plan year	22,172
Employer contributions for the 2013/14 plan year	<u>(22,172)</u>
Net increase (decrease) in net pension obligation	<u>-0-</u>
Net pension obligation as of October 1, 2014	<u>\$ -0-</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 16 - DEFINED BENEFIT RETIREMENT PROGRAMS FOR PUBLIC EMPLOYEES (continued)

<u>Actuarial Present Value of Accrued Benefits</u>	<u>As of October 1, 2011</u>	<u>As of October 1, 2014</u>
Vested benefits		
Participants current receiving benefits	\$ -	\$ -
Other participants	99,309	189,788
Subtotal	99,309	189,788
Nonvested benefits	59,827	50,521
Total benefits	<u>\$ 159,136</u>	<u>\$ 240,309</u>
Funded percentage (based on the market value of assets)	315.49%	379.84%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of October 1, 2011	\$ 159,136
Increase due to	
Interest	34,449
Benefits accumulated	45,969
Benefits paid	-
Plan amendments	-
Changes in actuarial methods and assumptions	755
Net increase	81,173
Actuarial Present Value as of October 1, 2014	<u>\$ 240,309</u>

The change in actuarial present value is shown for a three-year period, as the City's actuarial report is a triennial report.

Actuarial Value of Assets

Market value of assets as of October 1, 2014	\$ 1,174,681
Minus advance employer contributions	(172,128)
Minus excess Chapter 175/185 contributions	(261,897)
Actuarial Value of Assets as of October 1, 2014	<u>\$ 740,656</u>

Historical Actuarial Value of Assets

October 1, 2005	N/A
October 1, 2006	\$ 148,241
October 1, 2007	195,843
October 1, 2008	128,329
October 1, 2009	193,657
October 1, 2010	288,579
October 1, 2011	340,050
October 1, 2012	495,745
October 1, 2013	631,248
October 1, 2014	740,656

The actuarial valuation report for the Firefighters Pension Trust Fund is available at the administrative office of the City.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 17 - DEFINED CONTRIBUTION RETIREMENT PROGRAM FOR PUBLIC EMPLOYEES

General Employee Pension Trust Fund

During December 1995, the City passed a resolution to revoke its election to participate in the Florida Retirement System for all employees or officers hired on or after January 1, 1996. These employees, except firefighters, began participating in a defined contribution program for public employees. All employees and officers who were participants in the Florida Retirement System before January 1, 1996, remained participants in the Florida Retirement System.

Effective January 1, 2008, the City elected to have employees hired on or after January 1, 1996, except firefighters, participate in the Florida Retirement System. The City purchased the past service costs for the City employees previously in the defined contribution plan from the Florida Retirement System and the defined contribution plan was terminated. All of the general employees of the City, except firefighters, are now participants in the Florida Retirement System.

NOTE 18 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, in which all employees are eligible to participate. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan.

The requirement of the Internal Revenue Code 457 provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of the administration of the plan. Since the assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not reflected on the City's Statement of Net position.

NOTE 19 - OVER EXPENDITURES

At September 30, 2014, the following items within the General Fund had expenditures exceeding their budgeted amounts:

<u>Expenditure type</u>	<u>Over expenditure</u>
Current	
Human services	\$ 11,070
Debt service	
Principal	385,456

NOTE 20 - COMMITMENTS AND CONTINGENCIES

Grants and Assistance

In the past, activities of certain funds of the City were 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. Amounts received from grantor agencies are subject to audit or adjustment by grantor agencies. Any amounts disallowed could constitute liabilities of the applicable funds. If grant requirements are not met, such as a minimum number of jobs to be created, grant funds may be required to be returned to the grantor agency.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 20 - COMMITMENTS AND CONTINGENCIES (continued)

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 basically 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 66% of the jointly approved budget for the fire department for the fiscal year ended September 30, 2014. 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, 2014. 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 information to the financial statements on page 65.

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.

Construction Contracts

As of September 30, 2014, the City had entered into construction contracts related to the water system improvement project in the total amount of \$15,443,200. As of September 30, 2014, \$15,443,200 of the contracts had been paid or was payable by the City leaving no remaining balances on the contracts.

NOTE 21 - 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.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 21 - RISK MANAGEMENT (continued)

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.

To satisfy GAAP/statutory accounting and regulatory reporting requirements, the pool retained Casualty Actuarial Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2014, (the date of the latest claims liability evaluation). The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2014. When the ultimate losses ceded under aggregate excess insurance of \$10,819,930 is included, the indicated funding adequacy translates to a claims fund surplus of \$10,651,552. This balance is on a net basis, after specific and aggregate excess insurance.

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 seepage, 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 22 - SUBSEQUENT EVENTS - WASTEWATER RECYCLING PROJECT

Following the fiscal year ended September 30, 2014, the City of LaBelle began a \$1.8 million Wastewater Recycling Project. Currently the wastewater effluent from the City's 0.75 million gallon per day Wastewater Treatment Plant is discharged to rapid infiltration basins for disposal. This project will provide an alternative and more environmentally beneficial discharge option for the wastewater effluent, including discharge into a 2,600 feet deep injection well and/or public access reuse.

While treated wastewater from the Wastewater Treatment Plant is not directly discharged into the Caloosahatchee River, there is an indirect connection via ground water exfiltration into the river from the effluent rapid infiltration basins. The nutrient concentrations in the wastewater effluent that are absorbed into the ground in the rapid infiltration basins are not harmful to the ground water but do exceed guidance criteria for the river. Construction of the Wastewater Recycle Project will eliminate this potential source of nutrients to the River by providing safer and more beneficial alternative disposal methods including:

- A. Disposal of the wastewater effluent to a deep aquifer that does not interact with the River and is not utilized for drinking water or,
- B. Use of the wastewater effluent as public access irrigation water which will conserve water sources and supplies for more critical purposes such as drinking water.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2014

NOTE 22 - SUBSEQUENT EVENTS - WASTEWATER RECYCLING PROJECT (continued)

The Project will protect the public health by providing a higher level of wastewater treatment and safer means of effluent disposal. The Project will also protect the City's water resources in accordance with the Comprehensive Plan and provide water conservation measures by recycling wastewater in accordance with the South Florida Water Management District's Lower West Coast Water Supply Plan, 2012 Update. The Wastewater Recycling Project is expected to be completed during the fiscal year ending September 30, 2015.

CITY OF LABELLE, FLORIDA
 Firefighters Pension Trust Fund
 Schedule of Employer Contributions
 to Defined Benefit Plan and Trust
 September 30, 2014

<u>Year Ending September 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 10,011	\$ 10,011	100.00%	\$ -
2006	10,541	10,541	100.00%	-
2007	-	-	100.00%	-
2008	-	-	100.00%	-
2009	49,329	49,329	100.00%	-
2010	41,420	41,420	100.00%	-
2011	46,309	46,309	100.00%	-
2012	29,188	29,188	100.00%	-
2013	27,399	27,399	100.00%	-
2014	22,172	22,172	100.00%	-

CITY OF LABELLE, FLORIDA
 Firefighters Pension Trust Fund
 Schedule of Funding Progress
 for Defined Benefit Plan and Trust
 September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll For Twelve Month Period Beginning With Actuarial Valuation Date	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
October 1, 2005	\$ 112,681	\$ 112,681	\$ -	100%	\$ 104,743	0%
October 1, 2006	148,241	86,538	-	171%	27,869	0%
October 1, 2008	128,329	175,153	46,824	73%	202,716	23%
October 1, 2011	340,050	276,982	-	123%	231,678	0%
October 1, 2014	740,656	332,403	-	223%	136,761	0%

The schedule of funding progress only shows information for those plan years which the City had actuarial reports prepared.

CITY OF LABELLE, FLORIDA
Schedule to Determine Compliance
With Interlocal Fire Protection
and Animal Control Agreements
September 30, 2014

	<u>Fire Protection</u>	<u>Animal Control</u>
Departmental expenditures per Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds (See page 17)		
Expenditures - current	\$ 360,416	\$ 192,062
Expenditures - debt service - fire trucks	<u>85,668</u>	<u>-</u>
Total departmental expenditures	446,084	192,062
 Hendry County's percentage of net departmental expenditures per agreements	 <u>66.0%</u>	 <u>50%</u>
Portion of net departmental expenditures to be paid by Hendry County	294,415	96,031
Total received from Hendry County for services	<u>317,835</u>	<u>90,496</u>
 Amounts due from (due to) Hendry County for the fiscal year ended September 30, 2014	 <u>\$ (23,420)</u>	 <u>\$ 5,535</u>

CITY OF LABELLE, FLORIDA
Schedule of Revenues and Expenses -
Business-type Activities - Water and Sewer Systems
Year Ended September 30, 2014

	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Operating revenues			
Charges for services	<u>\$ 1,548,310</u>	<u>\$ 721,542</u>	<u>\$ 2,269,852</u>
Operating expenses			
Administrative	147,916	51,635	199,551
Treatment plants	637,359	371,106	1,008,465
Water distribution	163,879	-	163,879
Wastewater collection	-	108,779	108,779
Depreciation	<u>289,454</u>	<u>489,074</u>	<u>778,528</u>
Total operating expenses	<u>1,238,608</u>	<u>1,020,594</u>	<u>2,259,202</u>
Operating income (loss)	<u>309,702</u>	<u>(299,052)</u>	<u>10,650</u>
Nonoperating revenues (expenses)			
Interest income	2,339	6,660	8,999
Interest expense and fiscal charges	<u>(96,272)</u>	<u>(148,833)</u>	<u>(245,105)</u>
Total nonoperating revenues (expenses)	<u>(93,933)</u>	<u>(142,173)</u>	<u>(236,106)</u>
Net income (loss) before contributions and operating transfers	215,769	(441,225)	(225,456)
Contributions	<u>3,396,360</u>	<u>87,000</u>	<u>3,483,360</u>
Net income (loss)	<u>\$ 3,612,129</u>	<u>\$ (354,225)</u>	<u>\$ 3,257,904</u>

CITY OF LABELLE, FLORIDA
Statement of Revenues and Expenditures -
Budget and Actual - Budgetary Basis
Business-type Activities
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
User fees	\$ 2,118,774	\$ 2,234,346	\$ 115,572
Connection and turn-on fees	12,500	33,880	21,380
Miscellaneous operating revenues	20,000	1,626	(18,374)
Interest income	3,250	8,999	5,749
Capital contribution - impact fees	1,855,000	189,672	(1,665,328)
Sewer hook-up assessments	10,000	5,539	(4,461)
Loan or bond proceeds and capital grants	<u>10,007,785</u>	<u>3,293,688</u>	<u>(6,714,097)</u>
Total revenues	<u>14,027,309</u>	<u>5,767,750</u>	<u>(8,259,559)</u>
Expenditures			
Administration			
Payroll	103,515	92,676	10,839
Payroll taxes	7,700	5,347	2,353
Retirement expense	7,125	8,649	(1,524)
Engineering, legal, and other contract services	65,803	23,664	42,139
Audit fees	20,500	22,850	(2,350)
Travel and per diem	1,000	260	740
Telephone and communications	7,500	8,589	(1,089)
Insurance	24,108	9,253	14,855
Office supplies and other supplies	4,000	17,722	(13,722)
Fees, dues, and donations	14,500	3,563	10,937
Repairs and maintenance	2,000	4,373	(2,373)
Miscellaneous and reserve for contingencies	<u>160,284</u>	<u>2,605</u>	<u>157,679</u>
Total administration	<u>418,035</u>	<u>199,551</u>	<u>218,484</u>

CITY OF LABELLE, FLORIDA
Statement of Revenues and Expenditures -
Budget and Actual - Budgetary Basis (continued)
Business-type Activities
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures (continued)			
Treatment plants			
Payroll	227,125	212,841	14,284
Payroll taxes	16,700	10,899	5,801
Retirement expense	15,152	19,724	(4,572)
Uniform rental	4,000	1,949	2,051
Utilities and telephone	144,000	204,547	(60,547)
Tools and supplies	35,000	30,774	4,226
Chemicals	190,000	196,671	(6,671)
Repairs and maintenance	185,000	152,205	32,795
Tests	22,000	32,183	(10,183)
Insurance	104,337	112,746	(8,409)
Engineering and legal fees	11,000	195	10,805
Contract services	14,000	225	13,775
Gas and oil	42,500	22,630	19,870
Drainage district assessment	<u>15,000</u>	<u>10,876</u>	<u>4,124</u>
Total treatment plants	<u>1,025,814</u>	<u>1,008,465</u>	<u>17,349</u>
Water distribution system			
Payroll	103,845	109,275	(5,430)
Payroll taxes	8,200	5,506	2,694
Retirement expense	7,869	10,706	(2,837)
Repairs and maintenance	60,000	30,399	29,601
Tools and supplies	9,000	792	8,208
Insurance	<u>17,498</u>	<u>7,201</u>	<u>10,297</u>
Total water distribution system	<u>206,412</u>	<u>163,879</u>	<u>42,533</u>
Wastewater collection system			
Payroll	28,068	26,958	1,110
Payroll taxes	2,310	1,920	390
Retirement expense	2,330	1,891	439
Utilities	25,000	10,425	14,575
Tools and supplies	7,497	13,445	(5,948)
Repairs and maintenance	46,177	50,037	(3,860)
Insurance	4,415	4,103	312
Engineering fees	<u>3,598</u>	<u>-</u>	<u>3,598</u>
Total wastewater collection system	<u>119,395</u>	<u>108,779</u>	<u>10,616</u>

CITY OF LABELLE, FLORIDA
Statement of Revenues and Expenditures -
Budget and Actual - Budgetary Basis (continued)
Business-type Activities
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures (continued)			
Debt service			
Principal on notes and revenue bonds payable	63,000	73,541	(10,541)
Interest on notes and revenue bonds payable	<u>149,000</u>	<u>245,105</u>	<u>(96,105)</u>
Total debt service	<u>212,000</u>	<u>318,646</u>	<u>(106,646)</u>
Capital outlay			
Equipment purchases, construction costs for new services, system improvements, and construction in progress	<u>11,998,262</u>	<u>3,559,503</u>	<u>8,438,759</u>
Total expenditures	<u>13,979,918</u>	<u>5,358,823</u>	<u>8,621,095</u>
Excess of revenues over expenditures	<u>47,391</u>	<u>408,927</u>	<u>361,536</u>
Operating transfers			
Operating transfers-in	400,000	-	(400,000)
Operating transfers-out	<u>(450,000)</u>	<u>-</u>	<u>450,000</u>
Total operating transfers	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Excess of revenues and operating transfers-in over (under) expenditures and transfers-out - budgetary basis	<u>\$ (2,609)</u>	<u>\$ 408,927</u>	<u>\$ 411,536</u>

CITY OF LABELLE, FLORIDA
Statement of Revenues and Expenditures
Budget and Actual - Budgetary Basis (continued)
Business-type Activities
Year Ended September 30, 2014

The following is a reconciliation of the changes in net position of the business-type activities, as shown on page 14, and net income of the business-type activities, as shown on page 66, to excess of revenues and operating transfers-in under expenditures and transfers-out on a budgetary basis, as shown on page 69.

Changes in net position - business-type activities and net income - business-type activities (page 14 and page 66)	\$ 3,257,904
Add depreciation	778,528
Add sewer hook-up assessments - budgetary basis	5,539
Add loan proceeds - budgetary basis	-
Less capital outlay - budgetary basis	(3,559,503)
Less principal on notes and bonds payable - budgetary basis	<u>(73,541)</u>
 Excess of revenues and operating transfers-in over expenditures and transfers-out - budgetary basis as shown on page 69.	 <u><u>\$ 408,927</u></u>

CITY OF LABELLE, FLORIDA
Schedule of Changes in Assets and Liabilities
Agency Fund
Year Ended September 30, 2014

	October 1, 2013	Additions	Deletions	September 30, 2014
Assets				
Investments	\$ 82,513	\$ 746,184	\$ 703,749	\$ 124,948
Accounts receivable	78,384	745,541	745,608	78,317
Due from Enterprise Fund	<u>61,899</u>	<u>-</u>	<u>-</u>	<u>61,899</u>
	<u>\$ 222,796</u>	<u>\$ 1,491,725</u>	<u>\$ 1,449,357</u>	<u>\$ 265,164</u>
Liabilities				
Accounts payable	\$ 3,501	\$ 161	\$ -	\$ 3,662
Due to sanitation contractor	133,023	703,509	701,281	135,251
Due to General Fund	82,795	39,979	-	122,774
Due to Enterprise Fund	<u>3,477</u>	<u>-</u>	<u>-</u>	<u>3,477</u>
	<u>\$ 222,796</u>	<u>\$ 743,649</u>	<u>\$ 701,281</u>	<u>\$ 265,164</u>

CITY OF LABELLE, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2014

Federal Agency / State Pass Through Entity / Federal Program		CFDA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Subrecipients
U.S. Department of Housing and Urban Development						
Passed Through State of Florida						
Department of Economic Opportunity						
Community Development Block Grants -						
State-Administered Small Cities Programs						
(G)	Water, Sewer, and Drainage Improvements	14.228	07DB-3R-09-36-02-E09	\$ 700,000	\$ 3,111	\$ -
U.S. Department of Agriculture - Rural Development						
(B)	Community Facilities Loans and Grants Grant	10.766	91-11	\$ 5,219,430	2,179,287	-
(B)	Community Facilities Loans and Grants Grant	10.766	91-14	\$ 2,117,470	1,014,401	-
Total U.S. Department of Agriculture - Rural Development					3,193,688	-
Total Expenditures of Federal Awards					\$ 3,196,799	\$ -

CITY OF LABELLE, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
Year Ended September 30, 2014

State Grantor / Program Title		CSFA Number	Grant Contract Number	Program or Award Amount	Expenditures	Transfers to Subrecipients
Florida Department of Economic Opportunity						
(G)	Technical Assistance Grant	40.024	P0060	\$ 30,000	\$ 30,000	\$ -

CITY OF LABELLE, FLORIDA
Notes to Schedule of Expenditures of Federal
Awards and State Financial Assistance
For the Year Ended September 30, 2014

NOTE A - REPORTING ENTITY

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance includes all the activities of the City of LaBelle's primary government. The City had no blended or discretely presented component units. Federal awards programs projects recorded in the City's business-type activities are noted by (B). Those recorded in the governmental activities are noted by (G).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance are in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

NOTE C - SUBRECIPIENTS

The City of LaBelle provided no financial assistance to subrecipients during the fiscal year ended September 30, 2014.

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INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

Honorable Mayor and City Commissioners
City of LaBelle, Florida

Report on Compliance for Each Federal Major Program

We have audited the City of LaBelle, Florida's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of LaBelle, Florida's major federal programs for the year ended September 30, 2014. The City of LaBelle, Florida's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of LaBelle, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of LaBelle, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of LaBelle's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of LaBelle, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City of LaBelle, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of LaBelle, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of LaBelle, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Boy, Miller, Kisker & Perry, P.A.

LaBelle, Florida
June 10, 2015

CITY OF LABELLE, FLORIDA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of LaBelle, Florida.
2. A material weakness disclosed during the audit of the financial statements was reported in the 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.
3. No instances of noncompliance material to the financial statements of the City of LaBelle, Florida, required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No deficiencies were disclosed during the audit of the major federal award program, as reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 for the City of LaBelle, Florida, expresses an unmodified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major federal program was:

Federal Program

CFDA Number

**U.S. Department of Agriculture -
Rural Development**

Communities Facilities Loans and Grants

10.766

8. The threshold for distinguishing Type A and Type B projects was \$300,000.
9. The City of LaBelle, Florida was determined to be a high-risk auditee.

CITY OF LABELLE, FLORIDA
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2014

B. FINDINGS - FINANCIAL STATEMENT AUDIT

1. MATERIAL WEAKNESS

Finding 2009-1 - Internal Control Over Financial Reporting

Condition: The City of LaBelle, Florida, should have the skills and competencies necessary to prevent, 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.

Cause: The City of LaBelle, Florida, does not currently have the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements.

Effect: A material misstatement in the financial statements of the City of LaBelle, Florida, may not be prevented, detected, and corrected by the City.

Recommendation: The City of LaBelle, Florida, should develop a strategy to address the material weakness in internal control over financial reporting.

Views of Responsible Officials and Planned Corrective Actions: The City has reviewed the requirements related to Statements on Auditing Standards as they apply to financial reporting and determined currently it is not economically feasible to hire an individual to meet the Statements on Auditing Standards at this time. The City will continue to evaluate the costs versus benefits of meeting the standards of financial reporting as the City moves into the future.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal awards.
2. No Corrective Action Plan is required because there were no prior audit findings related to federal awards.

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

Honorable Mayor and City Commissioners
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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of LaBelle, Florida's basic financial statements and have issued our report thereon dated June 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of LaBelle, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of LaBelle, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of LaBelle, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (Finding 2009-1) described in the accompanying schedule of findings and questioned costs to be a material weakness.

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. Given the limitations described in the first paragraph of this section, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of LaBelle, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Finding

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

Purpose of This Report

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

Boy, Miller, Kisker & Perry, P.A.

LaBelle, Florida
June 10, 2015

BOY, MILLER, KISKER & PERRY, P.A.
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**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 218.45, FLORIDA STATUTES
IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL OF
THE STATE OF FLORIDA**

Honorable Mayor and City Commissioners
City of LaBelle, Florida

We have examined the City of LaBelle, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2014. Management is responsible for the City of LaBelle, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City of LaBelle, Florida's compliance based on our examination.

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

In our opinion, the City of LaBelle, Florida, complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

Boy, Miller, Kisker & Perry, P.A.

LaBelle, Florida
June 10, 2015

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of LaBelle, Florida

Report on the Financial Statements

We have audited 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, as of and for the year ended September 30, 2014, and have issued our report thereon dated June 10, 2015.

Auditors' 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our 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*; Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Compliance with the Requirements of Section 218.45, Florida Statutes, in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports and schedule, which are dated June 10, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

See Finding 2009-1 which is described in the Schedule of Findings and Questioned Costs and was included in the two preceding annual financial audit reports.

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. Such disclosure is included in the notes to the financial statements.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General requires that we report the results of our determination as to whether the annual financial report for the City of LaBelle, Florida, for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.29(3)(b), Florida Statutes. In connection with our audit, we determined there are no component units of the City of LaBelle, Florida, that are required to be reported in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, the City Commissioners and applicable management of the City of LaBelle, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Boy. Miller, Kisker & Perry, P.A.

LaBelle, Florida
June 10, 2015

Thomas A. Smith
Commissioner

Daniel W. Akin
Commissioner



David A. Lyons
Mayor

Gregory D. Bone
Commissioner

Hilda L. Zimmerly
Commissioner

June 10, 2015
FD 2015-441

Mr. David W. Martin, CPA
Auditor General
State of Florida
111 W. Madison Street
Claude Denson Pepper Building
Tallahassee, FL 32399-1450

Re: City's response to auditors' findings in the Schedule of Findings and Questioned Costs for the Fiscal Year 2013-2014

Dear Mr. Martin:

The Rules of the Auditor General require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited by the auditor in the annual financial report.

AUDITORS' FINDINGS REPORTED IN THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Prior Year Comment Which Continues to Apply

Finding 2009-1 - Internal Control Over Financial Reporting

The City has reviewed the requirements related to the Statements on Auditing Standards as they apply to financial reporting and determined currently it is not economically feasible to hire an individual to meet the Statements on Auditing Standards at this time. The City will continue to evaluate the cost versus benefits of meeting the standards of financial reporting as the City moves into the future.

Current Year Comments and Recommendations

None.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ron Zimmerly", is written over the printed name.

Ron Zimmerly
Finance Director