

CITY OF LABELLE, FLORIDA

Annual Financial Report

September 30, 2015

CITY OF LABELLE, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the City of LaBelle adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

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 other required supplementary information, as listed in the table of contents, 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 supplemental schedules 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 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 14, 2016, 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 14, 2016

CITY OF LABELLE, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis presents a narrative overview and analysis of the City of LaBelle's (City) financial performance for the fiscal year ended September 30, 2015. It is designed to provide a broad overview and a short and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activities, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), clarify material deviations from the approved budget, and explain individual fund issues. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 12) and notes to the financial statements (pages 27-72).

HIGHLIGHTS

Financial Highlights for the Fiscal Year Ended September 30, 2015.

1. The City's overall net position increased by \$197,697 primarily because the governmental activities net position increased by \$168,024.
2. The total cost of all the City's programs was \$6,378,372 which was more than the previous year by \$548,454.
3. The City's governmental activities increased net position by \$168,024 as a result of program and general revenues exceeding program expenses for governmental activities.
4. During the year, the City had expenses of \$3,346,642 for governmental activities which was \$21,031 more than the previous year.
5. The City's business-type activities increased net position by \$29,673 primarily due to capital grants and contributions in the amount of \$486,270.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

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

The Statement of Net Position presents financial information on all of the City's assets, liabilities, and deferred inflow/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

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 revenues 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.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over financial resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The main features of each are described below.

Governmental Funds

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

The focus of governmental funds is narrower than that of the government-wide financial statements, so it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand long-term impacts of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. (See pages 16 and 19).

The City maintains only one governmental fund; the General Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund.

The City adopts an annual appropriated budget for the governmental fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. (See Other Information below)

Fund Financial Statements (continued)

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.

Fiduciary (Trust and Agency) Funds - 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 25 and 26. We excluded these activities from the City's other financial statements because the City is required to use these resources to provide benefits to participants in the pension plan. Also, 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 25, where assets equal liabilities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-72.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, including a budgetary comparison schedule for the General Fund, and detailed information concerning the City's obligation to provide pension benefits to its employees. The required supplementary information can be found on pages 73-82 of this report.

Additional supplemental schedules are included in this report on pages 83-92 to provide information about interlocal agreements, breakdown of revenue, expenses, and budget comparisons for the water and sewer systems, and federal and state financial assistance.

THE CITY AS A WHOLE

Financial Analysis of the City as a Whole

During the fiscal year ended September 30, 2015, the City's combined net position increased to \$26.41 million from \$26.21 million, as restated, at the beginning of the year, or \$197,697. The City's net position of the governmental activities increased \$168,024. Net position of the business-type activities increased \$29,673. 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 \$1.4 million as of September 30, 2015, an increase of \$.39 million from September 30, 2014.

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, 2015, and September 30, 2014.

GOVERNMENT WIDE STATEMENTS

Statement of Net Position

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

Summary of Statement of Net Position as of September 30, 2015, and September 30, 2014 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Current and other assets	\$ 3,757	\$ 3,485	\$ 1,882	\$ 1,339	\$ 5,639	\$ 4,824
Capital assets	6,504	6,766	32,695	33,350	39,199	40,116
Total assets	<u>10,261</u>	<u>10,251</u>	<u>34,577</u>	<u>34,689</u>	<u>44,838</u>	<u>44,940</u>
Deferred outflows of resources	<u>173</u>	<u>77</u>	<u>57</u>	<u>37</u>	<u>230</u>	<u>114</u>
Total assets and deferred outflows of resources	<u>10,434</u>	<u>10,328</u>	<u>34,634</u>	<u>34,726</u>	<u>45,068</u>	<u>45,054</u>
Long-term liabilities	718	630	16,696	16,741	17,414	17,371
Other liabilities	506	516	614	624	1,120	1,140
Total liabilities	<u>1,224</u>	<u>1,146</u>	<u>17,310</u>	<u>17,365</u>	<u>18,534</u>	<u>18,511</u>
Deferred inflows of resources	<u>87</u>	<u>227</u>	<u>41</u>	<u>108</u>	<u>128</u>	<u>335</u>
Total liabilities and deferred inflows of resources	<u>1,311</u>	<u>1,373</u>	<u>17,351</u>	<u>17,473</u>	<u>18,662</u>	<u>18,846</u>
Net position:						
Invested in capital assets, net of related debt	6,423	6,590	16,153	16,732	22,576	23,322
Restricted	1,269	1,300	1,402	1,314	2,671	2,614
Unrestricted	<u>1,431</u>	<u>1,065</u>	<u>(272)</u>	<u>(793)</u>	<u>1,159</u>	<u>272</u>
Total net position	<u>\$ 9,123</u>	<u>\$ 8,955</u>	<u>\$ 17,283</u>	<u>\$ 17,253</u>	<u>\$ 26,406</u>	<u>\$26,208</u>

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

Statement of Activities

The following table reflects the condensed Statement of Activities, which 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:

Summary of Statement of Activities for the Fiscal Years Ended September 30, 2015, and September 30, 2014 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues, fees, fines and charges for services	\$ 1,613	\$ 1,604	\$ 2,565	\$ 2,270	\$ 4,178	\$ 3,874
Operating grants and contributions	65	30	-	-	65	30
Capital grants and contributions	-	3	486	3,483	486	3,486
General revenues						
Property taxes	525	518	-	-	525	518
Other taxes	649	652	-	-	649	652
Intergovernmental	617	578	-	-	617	578
Other	46	133	10	9	56	142
Total revenues	<u>3,515</u>	<u>3,518</u>	<u>3,061</u>	<u>5,762</u>	<u>6,576</u>	<u>9,280</u>
Expenses						
General government	979	990	-	-	979	990
Public safety	710	727	-	-	710	727
Physical environment	11	15	-	-	11	15
Public works	945	926	3,031	2,504	3,976	3,430
Culture and recreation	469	459	-	-	469	459
Economic environment	37	7	-	-	37	7
Human services	190	192	-	-	190	192
Interest on long-term debt	6	10	-	-	6	10
Total expenses	<u>3,347</u>	<u>3,326</u>	<u>3,031</u>	<u>2,504</u>	<u>6,378</u>	<u>5,830</u>
Changes in net position	<u>\$ 168</u>	<u>\$ 192</u>	<u>\$ 30</u>	<u>\$ 3,258</u>	<u>\$ 198</u>	<u>\$ 3,450</u>
Ending net position (2014, as restated)	<u>\$ 9,123</u>	<u>\$ 8,955</u>	<u>\$ 17,283</u>	<u>\$ 17,253</u>	<u>\$ 26,406</u>	<u>\$26,208</u>

For more detailed information, see the Statement of Activities on pages 13-14.

Governmental Activities

The increase in net position of governmental activities for the fiscal year ended September 30, 2015, was \$168,024 which resulted from program and general revenues being greater than governmental activities expenses. Depreciation on governmental activities capital assets was \$294,330 for the fiscal year ended September 30, 2015.

Business-type Activities

The increase in net position of business-type activities for the fiscal year ended September 30, 2015, was \$29,673, which was a result of capital grants and impact fees received of \$486,270 and a current year loss before contributions of \$465,597.

THE CITY'S FUNDS

Governmental Type Funds (General Fund)

As of September 30, 2015, the governmental fund (as presented on page 15) reported a fund balance of \$2.74 million which is \$.29 million greater than at the beginning of the year (\$2.45 million). The General Fund experienced a net increase in the fund balance of \$290,298 due to revenues over expenditures using the modified accrual basis of accounting during the fiscal year ended September 30, 2015. The adjustments to reconcile the \$290,298 increase in the fund balance of the General Fund to the \$168,024 increase in net position of governmental activities is shown on page 19.

Business-type Funds (Proprietary Fund - Water and Sewer Fund)

As of year-end, the business-type fund (Water and Sewer Fund) reported a combined net position of \$17.28 million which is .17% greater than at the beginning of the year (\$17.25 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, 2015. Rate changes were made to increase the revenues of the system and the water system improvement project was completed during the fiscal year ended September 30, 2014. The City began a \$2 million wastewater recycling project during the fiscal year ended September 30, 2015.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2015, the City Commission made no revisions to the City's budget.

The General Fund's actual revenues were \$67,062 less than budgeted, primarily due to a budgeted operating transfer-in which was not made by the City during the fiscal year ended September 30, 2015.

The General Fund's actual expenditures were \$607,360 less than budgeted, primarily due to favorable budget variances in the expenditures for transportation, public safety, and culture and recreation for the fiscal year ended September 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$39,198,839 (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 decrease (including additions, deletions, and current depreciation) of \$917,663 or 2.29% less 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	
	2015	2014	2015	2014	2015	2014
Land & improvements	\$ 3,092,192	\$ 3,161,561	\$ 1,461,742	\$ 1,466,338	\$ 4,553,934	\$ 4,627,899
Buildings, utility treatment plants and systems	754,355	800,551	31,022,690	31,703,007	31,777,045	32,503,558
Equipment, furniture and fixtures	532,385	610,433	210,171	181,073	742,556	791,506
Roads and streets	2,125,304	2,193,539	-	-	2,125,304	2,193,539
Totals	<u>\$ 6,504,236</u>	<u>\$ 6,766,084</u>	<u>\$ 32,694,603</u>	<u>\$ 33,350,418</u>	<u>\$ 39,198,839</u>	<u>\$ 40,116,502</u>

The City budgeted an additional \$2.62 million in capital expenditures for the fiscal year ended September 30, 2016, which consisted of \$.67 million in capital expenditures in the governmental fund and \$1.95 million in capital expenditures in the business-type fund.

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. The City began a wastewater recycling project during the fiscal year ending September 30, 2015, and will begin a LaBelle wharf project during the fiscal year ending September 30, 2016.

Debt

At September 30, 2015, the City had \$17,486,285 in notes and bonds payable and net pension liability outstanding versus \$17,411,647 at September 30, 2014, (an increase of .43%) as shown in the schedule below.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Notes payable	\$ 82,050	\$ 176,152	\$ 202,815	\$ 213,643	\$ 284,865	\$ 389,795
Revenue bonds payable (secured by water and sewer net revenue)	-	-	16,339,000	16,405,000	16,339,000	16,405,000
Net pension liability	584,635	418,164	277,785	198,688	862,420	616,852
Totals	<u>\$ 666,685</u>	<u>\$ 594,316</u>	<u>\$ 16,819,600</u>	<u>\$ 16,817,331</u>	<u>\$ 17,486,285</u>	<u>\$ 17,411,647</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 2016 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 8.6% in December, 2015, which was 1.4% lower than December, 2014. The labor force in 2015 was approximately 15,600.

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 Recycling Project and the LaBelle Wharf 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 \$8.63 million and government-wide expenditures of \$8.89 million, including \$2.62 million in capital expenditures for the fiscal year ended September 30, 2016. If the budgeted revenues and expenditures are realized, the City's financial reserves will be decreased by \$.26 million during fiscal year 2016.

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, 2015

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash	\$ 305,718	\$ 34,456	\$ 340,174
Investments	1,174,313	960,557	2,134,870
Receivables (net of allowance for doubtful accounts)			
Taxes and special assessments	25,682	55,966	81,648
Accounts	211,348	364,904	576,252
Accrued interest	-	32,476	32,476
Due from other governments	191,592	-	191,592
Internal balances	1,269,302	(1,269,302)	-
Restricted assets			
Cash	-	266,604	266,604
Investments	-	1,191,794	1,191,794
Due from other governments	-	245,250	245,250
Capital assets			
Land and improvements	3,161,561	1,466,338	4,627,899
Depreciable capital assets, net	3,342,675	31,228,265	34,570,940
Net pension asset	578,851	-	578,851
Total assets	<u>10,261,042</u>	<u>34,577,308</u>	<u>44,838,350</u>
Deferred outflows of resources			
Deferred outflows related to pension plans	172,933	57,183	230,116
Total assets and deferred outflows of resources	<u>10,433,975</u>	<u>34,634,491</u>	<u>45,068,466</u>
Liabilities			
Accounts payable	156,888	77,571	234,459
Accrued liabilities	77,217	82,945	160,162
Accrued interest	1,261	-	1,261
Due to other governments	188,833	-	188,833
Notes payable - due within one year	82,050	-	82,050
Liabilities payable from restricted assets			
Contracts payable	-	28,831	28,831
Accrued interest	-	41,134	41,134
Deposits payable	-	260,233	260,233
Current portion of long-term debt	-	124,123	124,123
Due in more than one year			
Notes payable	-	191,692	191,692
Revenue bonds payable	-	16,226,000	16,226,000
Compensated absences	133,426	-	133,426
Net pension liability	584,635	277,785	862,420
Total liabilities	<u>1,224,310</u>	<u>17,310,314</u>	<u>18,534,624</u>
Deferred inflows of resources			
Deferred inflows related to pension plans	86,971	41,325	128,296
Total liabilities and deferred inflows of resources	<u>1,311,281</u>	<u>17,351,639</u>	<u>18,662,920</u>
Net position			
Invested in capital assets, net of related debt	6,422,186	16,152,788	22,574,974
Restricted for construction and debt retirement	-	1,402,281	1,402,281
Restricted for noncurrent receivables	1,269,302	-	1,269,302
Unrestricted	<u>1,431,206</u>	<u>(272,217)</u>	<u>1,158,989</u>
Total net position	<u>\$ 9,122,694</u>	<u>\$ 17,282,852</u>	<u>\$ 26,405,546</u>

See accompanying notes to financial statements

CITY OF LABELLE, FLORIDA
Government-wide Statement of Activities
Year Ended September 30, 2015

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	\$ 979,479	\$ 154,765	\$ 25,000	\$ -	\$ (799,714)
Public safety					
Police	257,585	276,775	-	-	19,190
Fire	376,051	448,359	-	-	72,308
Protective inspections	76,271	-	-	-	(76,271)
Total public safety	709,907	725,134	-	-	15,227
Physical environment					
Mosquito control	3,197	-	-	-	(3,197)
Stormwater management	7,421	-	-	-	(7,421)
Total physical environment	10,618	-	-	-	(10,618)
Transportation					
Streets and lighting	944,755	436,861	-	-	(507,894)
Culture and recreation					
Library	25,000	-	-	-	(25,000)
Parks and recreation	382,595	169,136	40,018	-	(173,441)
Civic Center and Hendry House	60,967	23,066	-	-	(37,901)
Total culture and recreation	468,562	192,202	40,018	-	(236,342)
Economic environment					
Economic development	37,382	-	-	-	(37,382)
Human services					
Animal control	189,717	104,432	-	-	(85,285)
Interest on long-term debt	6,222	-	-	-	(6,222)
Total governmental activities	3,346,642	1,613,394	65,018	-	(1,668,230)
Business-type activities					
Water System	1,881,882	1,816,324	-	167,005	101,447
Sewer System	1,149,848	748,461	-	319,265	(82,122)
Total business-type activities	3,031,730	2,564,785	-	486,270	19,325
Total	\$ 6,378,372	\$ 4,178,179	\$ 65,018	\$ 486,270	\$ (1,648,905)

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Government-wide Statement of Activities (continued)
September 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net (expense) / revenue from previous page	\$ (1,668,230)	\$ 19,325	\$ (1,648,905)
General revenues			
Taxes	1,174,297	-	1,174,297
Intergovernmental	616,849	-	616,849
Investment income	2,277	10,348	12,625
Miscellaneous	<u>42,831</u>	<u>-</u>	<u>42,831</u>
Total general revenues	<u>1,836,254</u>	<u>10,348</u>	<u>1,846,602</u>
Changes in net position	168,024	29,673	197,697
Net position, as restated - October 1, 2014 (see Note 13)	<u>8,954,670</u>	<u>17,253,179</u>	<u>26,207,849</u>
Net position, September 30, 2015	<u><u>\$ 9,122,694</u></u>	<u><u>\$ 17,282,852</u></u>	<u><u>\$ 26,405,546</u></u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2015

Assets

Cash	\$ 305,718
Investments	1,174,313
Receivables	
Accounts	211,348
Taxes	2,244
Special assessments	7,458
Due from other funds	1,269,302
Due from other governments	<u>191,592</u>
Total assets	<u>\$ 3,161,975</u>

Liabilities and Fund Balance

Liabilities	
Accounts payable	\$ 156,888
Accrued liabilities	77,217
Due to other governments	<u>188,833</u>
Total liabilities	<u>422,938</u>
Fund balance	
Nonspendable	1,269,302
Unassigned	<u>1,469,735</u>
Total fund balance	<u>2,739,037</u>
Total liabilities and fund balance	<u>\$ 3,161,975</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, 2015

Total fund balance - governmental funds	\$ 2,739,037
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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.	6,504,236
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Other assets that are not available to pay for current-period expenditures are not reported in the funds.	15,980
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Assets, liabilities, and deferred outflows/inflows of resources related to the pension plans are not reported in the funds.	80,178
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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>(216,737)</u>
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Net position of governmental activities	<u>\$ 9,122,694</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, 2015

Revenues	
Taxes and special assessments	\$ 2,481,671
Licenses and permits	106,507
Intergovernmental revenue	380,436
Charges for services	452,231
Fines and forfeitures	24,057
Miscellaneous revenues	<u>47,071</u>
Total revenues	<u>3,491,973</u>
Expenditures	
Current	
General government	<u>936,188</u>
Public safety	
Police	257,585
Fire	326,891
Protective inspections	<u>69,162</u>
Total public safety	<u>653,638</u>
Physical environment	
Mosquito control	<u>3,211</u>
Transportation	
Streets and lighting	<u>880,452</u>
Culture and recreation	
Library	25,000
Parks	325,836
Civic Center and Hendry House	<u>47,869</u>
Total culture and recreation	<u>398,705</u>
Economic environment	
Economic development	<u>37,382</u>
Human services	
Animal control	<u>190,573</u>
Debt service - fire trucks and software	
Principal retirement	94,102
Interest	<u>7,424</u>
Total debt service	<u>101,526</u>
Total expenditures (carried forward)	<u>3,201,675</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, 2015

Total expenditures (brought forward)	<u>3,201,675</u>
Excess of revenues over expenditures and net change in fund balance	290,298
Fund balance - October 1, 2014	<u>2,448,739</u>
Fund balance - September 30, 2015	<u>\$ 2,739,037</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, 2015

Net changes in fund balance - total governmental funds	\$ 290,298
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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	(261,848)
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Net effect of various transactions involving available financial resources	(10,125)
--	----------

Net change in pension related outflows/inflows of resources and net pension asset/liability	54,395
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Net changes in debt other than net pension liability	<u>95,304</u>
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Change in net position of governmental activities	<u>\$ 168,024</u>
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See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-type Activities Enterprise Fund Water and Sewer Systems
Current Assets	
Cash	\$ 34,456
Investments	960,557
Receivables, net	
Accounts	364,904
Special assessments	55,966
Accrued interest	<u>32,476</u>
Total current assets	<u>1,448,359</u>
Restricted assets	
Cash	266,604
Investments	1,191,794
Due from other governments	<u>245,250</u>
Total restricted assets	<u>1,703,648</u>
Capital assets	
Land and improvements	1,466,338
Depreciable capital assets, net	<u>31,228,265</u>
Total capital assets	<u>32,694,603</u>
Total assets	<u>35,846,610</u>
Deferred outflows of resources	
Deferred outflows related to pension plans	<u>57,183</u>
Total assets and deferred outflows of resources (carried forward)	<u>35,903,793</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Net Position
Proprietary Funds (continued)
September 30, 2015

	Business-type Activities Enterprise Fund Water and Sewer Systems
Total assets and deferred outflows of resources (brought forward)	<u>35,903,793</u>
Liabilities	
Current liabilities	
Accounts payable	77,571
Accrued liabilities	<u>82,945</u>
Total current liabilities	<u>160,516</u>
Liabilities payable from restricted assets	
Contracts payable	28,831
Accrued interest	41,134
Deposits payable	260,233
Current portion of long-term debt	<u>124,123</u>
Total liabilities payable from restricted assets	<u>454,321</u>
Noncurrent liabilities	
Due to other funds	1,269,302
Notes payable	191,692
Revenue bonds payable	16,226,000
Net pension liability	<u>277,785</u>
Total noncurrent liabilities	<u>17,964,779</u>
Total liabilities	<u>18,579,616</u>
Deferred inflows of resources	
Deferred inflows related to pension plans	<u>41,325</u>
Total liabilities and deferred inflows of resources	<u>18,620,941</u>
Net position	
Invested in capital assets, net of related debt	16,152,788
Restricted for construction and debt retirement	1,402,281
Unrestricted	<u>(272,217)</u>
Total net position	<u>\$ 17,282,852</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, 2015

	Business-type Activities Enterprise Fund Water and Sewer Systems
Operating revenues	
Charges for services	\$ 2,564,785
Operating expenses	
Administrative	208,748
Treatment plants	873,821
Water distribution	166,702
Wastewater collection	131,370
Depreciation	1,144,590
Total operating expenses	2,525,231
Operating income	39,554
Nonoperating revenues (expenses)	
Interest income	10,348
Interest expense and fiscal charges	(506,499)
Total nonoperating revenues (expenses)	(496,151)
Net loss before contributions	(456,597)
Capital contributions	486,270
Changes in net position	29,673
Net position, as restated - October 1, 2014 (see Note 13)	17,253,179
Net position - September 30, 2015	\$ 17,282,852

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities Enterprise Fund Water and Sewer Systems
Cash flows from operating activities:	
Cash received from customers	\$ 2,528,521
Cash payments for goods and services	(900,147)
Cash payments to employees for services and related payroll costs	<u>(528,569)</u>
Net cash provided by operating activities	<u>1,099,805</u>
Cash flows from noncapital financing activities:	
Deposits received from customers less deposits returned to customers	<u>16,319</u>
Net cash provided by noncapital financing activities	<u>16,319</u>
Cash flows from capital and related financing activities	
Capital contributed - impact fees	21,124
Capital grants received	281,313
Net change in due to other funds	(30,441)
Acquisition and construction of capital assets	(521,361)
Principal paid on revenue bonds payable	(66,000)
Principal paid on note payable	(10,828)
Interest paid on notes and revenue bonds payable	<u>(506,789)</u>
Net cash used for capital and related financing activities	<u>(832,982)</u>
Cash flows from investing activities:	
Principal received on special assessments	4,026
Interest received on special assessments	1,868
Interest received on investments	<u>5,562</u>
Net cash provided by investing activities	<u>11,456</u>
Net increase in cash and cash equivalents	294,598
Cash and cash equivalents - October 1, 2014	<u>2,158,813</u>
Cash and cash equivalents - September 30, 2015	<u>\$ 2,453,411</u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended September 30, 2015

	Business-type Activities Enterprise Fund Water and Sewer Systems
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 39,554
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,144,590
Changes in assets and liabilities:	
Increase in trade receivables	(36,264)
Decrease in trade accounts payable	(45,145)
Increase in accrued payroll and compensated absences	4,893
Decrease in pension related liability and outflows/inflows of resources	(7,823)
Total adjustments	1,060,251
Net cash provided by operating activities	\$ 1,099,805

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2015

	Firefighters Pension Trust Fund	Agency Fund
Assets		
Investments	\$ 1,195,833	\$ 173,364
Receivables, net	<u>18,212</u>	<u>141,842</u>
Total assets	<u>1,214,045</u>	<u>\$ 315,206</u>
Liabilities		
Accounts payable	<u>-</u>	<u>\$ 315,206</u>
Total liabilities	<u>-</u>	<u>\$ 315,206</u>
Net position		
Held in trust for pension benefits	<u>1,214,045</u>	
Total net position	<u>\$ 1,214,045</u>	

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2015

	<u>Firefighters Pension Trust Fund</u>
Additions	
Contributions and earnings	
Employer	\$ 16,628
Employee	1,366
State	16,859
Investment earnings (loss)	<u>(982)</u>
Total contributions and earnings	<u>33,871</u>
Deductions	
Administrative	3,448
Benefits	<u>-</u>
Total deductions	<u>3,448</u>
Changes in net position	30,423
Net position - October 1, 2014	<u>1,183,622</u>
Net position - September 30, 2015	<u><u>\$ 1,214,045</u></u>

See accompanying notes to financial statements.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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

There were no projects under construction during the fiscal year ended September 30, 2015, for which construction period interest was required to be capitalized.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The significant components of the deferred outflows of resources shown in the statement of net position for the year ended September 30, 2015, are as follows.

Florida Retirement System Pension Plan	\$ 136,527
Florida Retirement System Retiree Health Insurance Subsidy Program	41,007
Firefighters' Retirement Plan	<u>52,582</u>
Total deferred outflows related to pension plans	<u>\$ 230,116</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The significant components of the deferred inflows of resources shown in the statement of net position for the year ended September 30, 2015, are as follows.

Florida Retirement System Pension Plan	\$ 108,109
Florida Retirement System Retiree Health Insurance Subsidy Program	<u>20,187</u>
Total deferred inflows related to pension plans	<u>\$ 128,296</u>

See Note 17 (pages 55 & 59) and Note 18 (page 67) for additional information concerning the breakdown of deferred outflows/inflows of resources for the year ended September 30, 2015.

Net Position and Fund Balances

In the government-wide financial statements, the difference between the City's total assets, liabilities, and deferred outflows/inflows of resources 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.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2015.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Implementation of Governmental Accounting Standards Board Statements with Impact on the Financial Statements

The City implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2015.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27*. GASB 68 improves financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The implementation of this statement resulted in a restatement of beginning net position, as well as related deferred outflows of resources and deferred inflows of resources due to recording the City's net pension liability on the statement of net position. See Note 13 on page 50.

In November 2013, the GASB issued Statement No. 71, *Pension Transition Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68*. This Statement amends paragraph 137 of GASB 68 to require that, at transition, a government recognize the beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

See Note 13 on page 50 for more information about the restatement of beginning net position due to implementation of new GASB statements related to accounting and financial reporting for pensions.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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, 2015.

Date of Management's Review

Management has evaluated subsequent events through June 14, 2016, 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, 2015, was \$1,475. The noninterest-bearing bank accounts totaled \$605,303 at September 30, 2015.

Deposits

At September 30, 2015, the carrying amount of the City's noninterest-bearing and interest-bearing bank accounts (including agency fund) was \$4,105,331 and the banks' balances were \$4,250,164. 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, 2015

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, 2015, the City had the following investments:

Interest-bearing bank accounts (including agency fund)	\$ 3,500,028
Investment in single employer defined benefit pension plan	<u>1,195,833</u>
	<u>\$ 4,695,861</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 firefighters' retirement plan is a single employer defined benefit pension plan with the following assets at market value as of September 30, 2015:

Cash	\$ 9,567
Bond pooled fund	200,900
Core pooled fund	275,041
Growth stock pooled fund	94,471
Small to mid cap stock pooled fund	139,912
Large cap value stock pooled fund	89,688
Russell 1000 index fund	273,846
International stock pooled fund	<u>112,408</u>
	<u>\$1,195,833</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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

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 9.4% invested in an international stock pooled fund.

More information regarding the firefighters' retirement plan can be found in Note 18 beginning on page 62.

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, 2015, was \$3.1046 per \$1,000, and was adopted by resolution on September 25, 2014.

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, 2015:

	Business-type Activities	Agency Fund
Billed	\$140,866	\$ 76,831
Unbilled	<u>224,038</u>	<u>65,011</u>
Total	<u><u>\$364,904</u></u>	<u><u>\$141,842</u></u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 5 - INTERNAL BALANCES AND TRANSFERS - INTERNAL

Internal balances (receivables and payables) between the governmental activities and the business-type activities at September 30, 2015, were as follows:

	Internal Receivables	Internal Payables
Governmental Activities		
General Fund	\$ 1,269,302	\$ -
Business-type Activities		
Water and Sewer Fund	<u>-</u>	<u>1,269,302</u>
Total	<u><u>\$ 1,269,302</u></u>	<u><u>\$ 1,269,302</u></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, 2015.

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, 2015:

Debt service accounts established by bond ordinance, the expenditure of which is restricted by the terms of the ordinance	\$ 482,774
Due from other government for current wastewater recycling project construction	245,250
Construction funds for future development	715,391
Customer utility deposits	<u>260,233</u>
Total	<u><u>\$1,703,648</u></u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 7 - CAPITAL ASSETS

The following is a summary of changes in the governmental activities capital assets for the year ended September 30, 2015.

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Land and improvements	\$ 3,867,686	\$ -	\$ -	\$ 3,867,686
Buildings - City Hall	915,345	-	-	915,345
Buildings - other	957,231	-	-	957,231
Equipment, furniture, and fixtures	2,615,067	32,482	-	2,647,549
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>
	11,994,409	32,482	-	12,026,891
Less accumulated depreciation	<u>5,228,325</u>	<u>294,330</u>	<u>-</u>	<u>5,522,655</u>
Totals	<u>\$ 6,766,084</u>	<u>\$ (261,848)</u>	<u>\$ -</u>	<u>\$ 6,504,236</u>

The following is a summary of the changes in the business-type activities capital assets for the year ended September 30, 2015.

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Land and improvements	\$ 1,466,338	\$ -	\$ -	\$ 1,466,338
Treatment plants and systems	39,341,768	160,381	-	39,502,149
Other equipment	538,120	23,629	-	561,749
Construction in progress - water system improvement project and wastewater recycling project	<u>1,170,072</u>	<u>304,765</u>	<u>-</u>	<u>1,474,837</u>
	42,516,298	488,775	-	43,005,073
Less accumulated depreciation	<u>9,165,880</u>	<u>1,144,590</u>	<u>-</u>	<u>10,310,470</u>
Totals	<u>\$33,350,418</u>	<u>\$ (655,815)</u>	<u>\$ -</u>	<u>\$32,694,603</u>

There were no projects under construction during the fiscal year ended September 30, 2015, for which construction period interest was required to be capitalized.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	\$ 48,192
Public safety	72,440
Physical environment	7,421
Transportation	94,395
Culture and recreation	71,564
Human services	<u>318</u>
Total depreciation expense - governmental activities	<u>\$ 294,330</u>
Business-type activities	
Water system	\$ 651,609
Sewer system	<u>492,981</u>
Total depreciation expense - business-type activities	<u>\$1,144,590</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, 2015:

	Balance October 1, 2014 (as restated)	New Debt Issued	Retirement of Debt	Balance Sept. 30, 2015	Due Within One Year	Amounts Due in More Than One Year
Governmental Activities						
General Fund (see Note 9)						
Notes payable - fire trucks	\$ 160,294	\$ -	\$ 78,244	\$ 82,050	\$ 82,050	\$ -
Contract payable - software	15,858	-	15,858	-	-	-
Compensated absences	121,712	11,714	-	133,426	-	133,426
Net pension liability	418,164	166,471	-	584,635	-	584,635
Business-type Activities						
Water and Sewer Fund						
Revenue bonds payable (see Note 10)	16,405,000	-	66,000	16,339,000	113,000	16,226,000
Note payable - FDEP SRF (see Note 11)	213,643	-	10,828	202,815	11,123	191,692
Net pension liability	<u>198,688</u>	<u>79,097</u>	<u>-</u>	<u>277,785</u>	<u>-</u>	<u>277,785</u>
	<u>\$ 17,533,359</u>	<u>\$ 257,282</u>	<u>\$ 170,930</u>	<u>\$ 17,619,711</u>	<u>\$ 206,173</u>	<u>\$ 17,413,538</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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	Net Pension Liability	Totals
Amounts due within one year and in more than one year at October 1, 2014	\$ 160,294	\$ 15,858	\$ 121,712	\$418,164	\$716,028
Debt issued	-	-	-	-	-
Debt retired	78,244	15,858	-	-	94,102
Increase in compensated absences and net pension liability	<u>-</u>	<u>-</u>	<u>11,714</u>	<u>166,471</u>	<u>178,185</u>
Amounts due within one year and in more than one year at September 30, 2015	<u>\$ 82,050</u>	<u>\$ -</u>	<u>\$ 133,426</u>	<u>\$584,635</u>	<u>\$800,111</u>

Compensated Absences

Maximum accumulated earned vacation and sick leave benefits as of September 30, 2015, are \$58,832 and \$74,594, 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, 2015, 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 \$201,797. \$ 50,897

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 \$122,593. 31,153

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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

Compensated Absences

Maximum accumulated earned vacation and sick leave benefits as of September 30, 2015.	133,426
Net pension liability	<u>584,635</u>
	800,111
Less amounts due in one year	<u>82,050</u>
Amounts due in more than one year	<u>\$ 718,061</u>

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, 2015, are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	\$ 82,050	\$ 3,618	\$ 85,668
Amount provided for compensated absences	133,426	-	133,426
Net pension liability	<u>584,635</u>	<u>-</u>	<u>584,635</u>
	<u>\$ 800,111</u>	<u>\$ 3,618</u>	<u>\$ 803,729</u>

Annual maturities of compensated absences and net pension liability cannot be reasonably determined.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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, 2015:

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.

\$ 2,223,000

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.

1,087,000

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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>
	16,339,000
Less current portion	<u>113,000</u>
Long-term portion	<u>\$16,226,000</u>

The following is a summary of bond transactions of the City for the year ended September 30, 2015:

	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, 2014	\$2,270,000	\$1,106,000	\$13,029,000
Debt issued during fiscal year ended September 30, 2015	-	-	-
Debt retired during fiscal year ended September 30, 2015	<u>47,000</u>	<u>19,000</u>	<u>-</u>
Revenue bonds payable at September 30, 2015	<u>\$2,223,000</u>	<u>\$1,087,000</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, 2015

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, 2015, are as follows.

<u>Year Ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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	88,244	58,000	146,244
2021-2025	401,319	325,000	726,319
2026-2030	323,794	401,000	724,794
2031-2035	228,287	493,000	721,287
2036-2040	110,906	606,000	716,906
2041	5,863	134,000	139,863
	<u>\$ 1,534,444</u>	<u>\$ 2,223,000</u>	<u>\$ 3,757,444</u>

The annual requirements to amortize the **Water and Sewer Revenue Bonds - Series 2005** bonds outstanding as of September 30, 2015, are as follows.

<u>Year Ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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	42,744	23,000	65,744
2021-2025	197,622	131,000	328,622
2026-2030	167,192	162,000	329,192
2031-2035	129,602	200,000	329,602
2036-2040	83,563	245,000	328,563
2041-2044	26,471	242,000	268,471
	<u>\$ 826,764</u>	<u>\$ 1,087,000</u>	<u>\$ 1,913,764</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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, 2015, are as follows.

<u>Year Ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 358,297	\$ 45,000	\$ 403,297
2017	357,060	206,000	563,060
2018	351,395	212,000	563,395
2019	345,565	218,000	563,565
2020	339,570	224,000	563,570
2021-2025	1,601,958	1,216,000	2,817,958
2026-2030	1,425,243	1,393,000	2,818,243
2031-2035	1,223,007	1,594,000	2,817,007
2036-2040	991,375	1,828,000	2,819,375
2041-2045	725,753	2,093,000	2,818,753
2046-2050	421,740	2,398,000	2,819,740
2051-2053	88,880	1,602,000	1,690,880
	<u>\$ 8,229,843</u>	<u>\$ 13,029,000</u>	<u>\$ 21,258,843</u>

The annual requirements to amortize the **Water and Sewer Revenue Bonds - All Series** bonds outstanding as of September 30, 2015, are as follows.

<u>Year Ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2016	\$ 501,877	\$ 113,000	\$ 614,877
2017	497,564	277,000	774,564
2018	488,819	286,000	774,819
2019	479,658	295,000	774,658
2020	470,558	305,000	775,558
2021-2025	2,200,899	1,672,000	3,872,899
2026-2030	1,916,229	1,956,000	3,872,229
2031-2035	1,580,896	2,287,000	3,867,896
2036-2040	1,185,844	2,679,000	3,864,844
2041-2045	758,087	2,469,000	3,227,087
2046-2050	421,740	2,398,000	2,819,740
2051-2053	88,880	1,602,000	1,690,880
	<u>\$ 10,591,051</u>	<u>\$ 16,339,000</u>	<u>\$ 26,930,051</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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.

\$ 202,815

Less current portion

11,123

Long-term portion

\$ 191,692

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

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, 2015, are as follows:

Year Ending September 30,	Interest	Principal	Total
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	4,157	12,388	16,545
2021-2025	15,526	67,199	82,725
2026-2030	5,845	76,880	82,725
	<u>\$ 45,360</u>	<u>\$ 202,815</u>	<u>\$ 248,175</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, 2015, was \$6,999. The amount accrued in the governmental activities as long-term debt was \$133,426. The amount of accrued annual leave in the business-type activities was \$66,941 which is reported as an accrued liability.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 13 - RESTATEMENT OF NET POSITION FROM IMPLEMENTATION OF GASB 68 AND 71

For the fiscal year ended September 30, 2015, the City implemented the provisions of GASB Statement 68 and 71 - *Accounting and Financial Reporting for Pensions*. Accordingly, beginning net position was restated to reflect the recording of net pension liabilities, deferred inflows of resources, and deferred outflows of resources as follows:

	Government-wide		Fund Level
	Governmental Activities	Business-type Activities	Enterprise Fund
Net position - September 30, 2014, as previously reported	\$ 8,928,887	\$ 17,522,929	\$ 17,522,929
Adjustments - FRS Pension Plan			
Net pension liability as of September 30, 2014	(127,703)	(60,677)	(60,677)
Deferred outflows of resources	64,188	30,498	30,498
Deferred inflows of resources	(220,932)	(104,974)	(104,974)
Adjustments - FRS HIS Program			
Net pension liability as of September 30, 2014	(290,461)	(138,011)	(138,011)
Deferred outflows of resources	13,219	6,281	6,281
Deferred inflows of resources	(6,033)	(2,867)	(2,867)
Adjustments - Firefighters' Retirement Plan			
Net pension liability as of September 30, 2014	<u>593,505</u>	<u>-</u>	<u>-</u>
Net position - September 30, 2014, as restated	<u>\$ 8,954,670</u>	<u>\$ 17,253,179</u>	<u>\$ 17,253,179</u>

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.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 14 - NET POSITION AND FUND BALANCE - (continued)

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.

NOTE 15 - 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, 2015.

	Governmental Activities	Business-type Activities	Total
Federal Awards Programs	\$ -	\$ 160,381	\$ 160,381
State Financial Assistance	65,018	304,765	369,783
Contributions from customers and developers	<u>-</u>	<u>21,124</u>	<u>21,124</u>
	<u>\$ 65,018</u>	<u>\$ 486,270</u>	<u>\$ 551,288</u>

See pages 90-92 for more information concerning federal awards programs and state financial assistance received by the City during the fiscal year ended September 30, 2015.

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.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 16 - 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, 2015.

	Water System	Sewer System	Total
Assets			
Current assets	\$ 2,658,200	\$ 493,807	\$ 3,152,007
Capital assets	22,756,045	9,938,558	32,694,603
Deferred outflows of resources	42,288	14,895	57,183
Liabilities			
Current liabilities	459,909	154,928	614,837
Long-term liabilities	13,742,180	4,222,599	17,964,779
Deferred inflows of resources	30,561	10,764	41,325
Net assets			
Invested in capital assets, net of related debt	9,524,230	6,628,558	16,152,788
Restricted	843,022	559,259	1,402,281
Unrestricted	856,631	(1,128,848)	(272,217)
Operating revenues	1,816,324	748,461	2,564,785
Operating expenses	1,521,472	1,003,759	2,525,231
Operating income (loss)	294,852	(255,298)	39,554
Non-operating revenues (expenses)	(356,482)	(139,669)	(496,151)
Capital contributions	167,005	319,265	486,270
Changes in net position	105,375	(75,702)	29,673
Beginning net position (as restated)	11,118,508	6,134,671	17,253,179
Ending net position	11,223,883	6,058,969	17,282,852
Net cash provided by (used for):			
Operating activities	878,822	220,983	1,099,805
Noncapital financing activities	16,319	-	16,319
Capital and related financing activities	(348,326)	(484,656)	(832,982)
Investing activities	3,928	7,528	11,456
Beginning cash and cash equivalents	1,531,998	626,815	2,158,813
Ending cash and cash equivalents	2,082,741	370,670	2,453,411

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM

General Information

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (FRS) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy Program (HIS Program). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

Effective January 1, 2008, membership in the FRS was 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 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.

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

Significant Accounting Policies

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

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Pension Plan

Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular Class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular and Elected Officers' class members. Also, the final average compensation will be based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Pension Plan (continued)

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014, through June 30, 2015, and from July 1, 2015, through September 30, 2015, respectively, were as follows: Regular Class - 7.37% and 7.26%; Elected Officers' Class - 43.24% and 42.27%; and DROP participants - 12.28% and 12.88%. These employer contribution rates include 1.20% and 1.26% HIS Program subsidy for the periods October 1, 2014, through June 30, 2015, and from July 1, 2015, through September 30, 2015, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$131,817 for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the City reported a liability of \$411,842 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .003188532%, which was an increase of .000101085% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$56,817 related to the FRS Pension Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 43,478	\$ 9,768
Change of assumptions	27,335	-
Net difference between projected and actual earnings on Pension Plan investments	-	98,341
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	47,829	-
City Pension Plan contributions subsequent to the measurement date	17,885	-
Total	<u>\$ 136,527</u>	<u>\$ 108,109</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Pension Plan (continued)

The deferred outflows of resources related to the FRS Pension Plan, totaling \$17,885 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2016	\$ 1,822
2017	1,822
2018	1,822
2019	1,807
2020	1,800
Thereafter	1,460
	<u>\$ 10,533</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.60%
Salary increase	3.25%, average, including inflation
Investment rate of return	7.65%, net of Pension Plan investment expense, including inflation
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on FRS Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Pension Plan (continued)

consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>(1) Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	<u>12.0%</u>	6.7%	6.1%	11.4%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the FRS Pension Plan Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate.

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
City's proportionate share of the net pension liability	\$1,067,175	\$411,842	\$(133,503)

Pension Plan Fiduciary Net Position

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

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Pension Plan (continued)

Payables to the Pension Plan

At September 30, 2015, the City reported a payable in the amount of \$9,623 for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2015.

Retiree Health Insurance Subsidy Program

Program Description

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

Benefits Provided

For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contributions for the period October 1, 2014, through June 30, 2015, and from July 1, 2015, through September 30, 2015, was 1.20% and 1.26%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Program contributions are deposited in a separate trust fund from which payments are authorized. HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Program totaled \$18,154 for the fiscal year ended September 30, 2015.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Retiree Health Insurance Subsidy Program (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to FRS HIS Program

At September 30, 2015, the City reported a liability of \$450,578 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .004418111%, which was a decrease of .000164359% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$30,400 related to the HIS Program. In addition the City reported deferred outflows of resources and deferred in flows of resources related to the HIS Program from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 35,449	\$ -
Net difference between projected and actual earnings on Program investments	38	-
Changes in proportion and differences between City HIS Program contributions and proportionate share of contributions	-	20,187
City HIS Program contributions subsequent to the measurement date	<u>5,520</u>	<u>-</u>
Total	<u>\$ 41,007</u>	<u>\$ 20,187</u>

The deferred outflows of resources related to the HIS Program, totaling \$5,520 resulting from City contributions to the HIS Program subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 2,646
2017	2,646
2018	2,646
2019	2,625
2020	2,615
Thereafter	<u>2,122</u>
	<u>\$ 15,300</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Retiree Health Insurance Subsidy Program (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2015
Measurement date	June 30, 2015
Inflation	2.60%
Salary increase	3.25%, average, including inflation
Municipal Bond Rate	3.80%
Investment rate of return	N/A
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.8%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 17 - FLORIDA RETIREMENT SYSTEM (continued)

Retiree Health Insurance Subsidy Program (continued)

Sensitivity of the City's Proportionate Share of the HIS Program Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate.

	<u>1% Decrease (2.80%)</u>	<u>Current Discount Rate (3.80%)</u>	<u>1% Increase (4.80%)</u>
City's proportionate share of the net pension liability	\$513,412	\$450,578	\$398,183

HIS Program Fiduciary Net Position

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

Payables to the HIS Program

At September 30, 2015, the City reported a payable in the amount of \$1,677 for outstanding contributions to the HIS Program required for the fiscal year ended September 30, 2015.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN

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

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

Basis of Accounting

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

Pension Plan Description

Name of the pension plan	Retirement Plan for the Firefighters of the City of LaBelle
Legal plan administrator	Board of Trustees of the Retirement Plan for the Firefighters of the City of LaBelle
Plan type	Single-employer defined benefit pension plan
Number of covered individuals	55 (no inactive employees and beneficiaries currently receiving benefits; 36 inactive employees entitles to, but not yet receiving benefits; 19 active employees)
Contribution requirement	Employer contributions are actuarially determined; employees must contribute 1% of pensionable earnings; employee contribution requirement may be amended by City ordinance, but employer contributions requirement is subject to State minimums
Pension plan reporting	The Plan issues a stand-alone financial report each year which contains information about the Plan's fiduciary net position. The Plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting. The report is available to the public at the Plan's administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302, (800)342-8112. The financial information is included as a Pension Trust Fund in the City's financial statements on pages 25 and 26. Also, a breakdown of the Plan's investments as of September 30, 2015, is included in Note 2 on page 37.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN (continued)

Description of the benefits provided

Employees covered	Full-time and volunteer firefighters employed by the City of LaBelle
Types of benefits offered	Retirement, disability, and pre-retirement death benefits
Basic pension formula	2% of average earnings x service
Early retirement adjustment	Early retirement pension is reduced by 3% for each year by which the early retirement precedes the normal retirement date
Disability pension	Larger of basic pension formula or 42% of average earnings (for service-connected disabilities) Larger of basic pension formula or 25% of average earnings (for non-service-connected disabilities if the participant has earned at least 10 years of service) Disability benefits are offset as necessary to preclude the total of the disability benefit, worker's compensation, and other City-provided disability compensation from exceeding average earnings
Pre-retirement death benefit	Basic pension formula payable for 10 years at early or normal retirement age (payable to the beneficiary of a vested participant) Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant)
Normal retirement age	Age 55 with at least 10 years of service, or Age 52 with at least 25 years of service
Early retirement age	Age 50 with at least 10 years of service
Vesting requirement	100% vesting after 10 years of service
Form of payment	Actuarially increased single life annuity 10-year certain and life annuity Actuarially equivalent 50%, 66 ² / ₃ %, 75%, or 100% joint and contingent annuity Any other actuarially equivalent form of payment approved by the Board of Trustees
Average earnings	Average of the highest 5 years of pensionable earnings out of the last 10 years
Cost-of-living adjustment	None provided
Legal authority	The Plan was established effective January 1, 1996, pursuant to City ordinance and has been amended several times since that date.
Changes	No Plan changes were adopted since the prior measurement date

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN (continued)

Plan Contributions

Funding for the Plan consists of contributions from members, the State of Florida, and the City. Plan members are required to contribute 1% of their annual covered compensation. The City is required to contribute the remaining amount to fund the Plan based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Plan members during the year. For the fiscal year ended September 30, 2015, the City's contribution rate was 12.172% of annual covered payroll. Plan provisions and contribution rates may be amended by the City Commission based upon the recommendations of the Board of Trustees, subject to minimum requirements of Florida Statutes.

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

Pursuant to Chapters 175 and 185 of Florida Statutes, premium taxes on certain property and casualty insurance contracts written on City properties is collected by the State and is remitted to the Plan. This amount totaled \$16,859 for the fiscal year ended September 30, 2015.

Investments

Investments of the Plan are reported at fair value. Net appreciation in fair value of investments include realized and unrealized gains and losses.

Rate of Return

For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

Long-term Expected Rate of Return

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

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN (continued)

Investments (continued)

Long-term Expected Rate of Return (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension's target asset allocation s of September 30, 2015 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Long-term Real Return</u>	<u>Weighted Average Return</u>
U.S. Large Cap Equity	39%	6.08%	2.30%
Multi-Sector	24%	1.08%	0.26%
U.S. Small Cap Equity	11%	6.83%	0.75%
Core Bonds	16%	0.58%	0.09%
Non-U.S. Equity	<u>10%</u>	6.83%	<u>0.68%</u>
Total	<u>100%</u>		4.08%
Add estimated long-term rate of inflation			<u>2.92%</u>
Estimated long-term rate of return			<u>7.00%</u>

Discount Rate

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

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN (continued)

Net Pension Asset

The components of the net pension asset of the City as of September 30, 2015, were as follows:

Description	Pension Liability	Net Position	Pension Asset
Balance - September 30, 2014	\$ 319,279	\$ (912,784)	\$ (593,505)
Changes due to:			
Service cost	19,886	-	19,886
Expected interest growth	23,568	(64,746)	(41,178)
Unexpected investment income	-	65,728	65,728
Employer contributions	-	(26,824)	(26,824)
Employee contributions	-	(1,350)	(1,350)
Benefit payments and refunds	(5,056)	-	(5,056)
Administrative expenses	-	3,448	3,448
Total changes	<u>38,398</u>	<u>(23,744)</u>	<u>14,654</u>
Balance - September 30, 2015	<u>\$ 357,677</u>	<u>\$ (936,528)</u>	<u>\$ (578,851)</u>

The Plan fiduciary net position was 261.84% of the total pension liability as of September 30, 2015.

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

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

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
City's net pension asset	\$(516,307)	\$(578,851)	\$(629,986)

At September 30, 2015, the City reported a net pension asset of \$578,781 for the Firefighters' Retirement Plan. The liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2014. The City's net pension asset was based on a projection of the pension plan relative to the projected contributions during the fiscal year ended September 30, 2015.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN (continued)

For the fiscal year ended September 30, 2015, the City recognized revenue of \$21,104. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance - September 30, 2014	\$ -	\$ -
Changes due to		
Current year amortization	(13,146)	-
Investment gain/loss	<u>65,728</u>	<u>-</u>
Total changes	<u>52,582</u>	<u>-</u>
Balance - September 30, 2015	<u>\$ 52,582</u>	<u>\$ -</u>

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

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 13,146
2017	13,146
2018	13,146
2019	13,144
2020	-
Thereafter	<u>-</u>
	<u>\$ 52,582</u>

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 18 - FIREFIGHTERS' RETIREMENT PLAN (continued)

Significant Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2014, using the following significant actuarial assumptions and other inputs:

Measurement date	September 30, 2015
Valuation date	October 1, 2014
Asset valuation method	Market value
Expected long-term real rate on return on investments	4.08%
Inflation	2.92%
Discount rate	7% (2.92% is attributable to inflation) this rate was used to discount all future benefit payments
Salary increases	4% per annum
Cost-of-living increase	None assumed
Mortality	Sex-distinct rates set forth in the RP-2000 mortality table for annuitants, project to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of IRC Section 430; future general improvements in mortality have not been reflected
Retirement	Retirement is assumed to occur at normal retirement age
Future contributions	Contributions from employer and employees are assumed to be made as legally required
Changes	No assumptions have been changed since the prior measurement date

NOTE 19 - DEFINED BENEFIT PENSION PLAN SUMMARY DATA

The table on the following page provides a summary of significant information related to the City's defined benefit pension plans for the fiscal year ended September 30, 2015. The information for the Florida Retirement System Pension Plan and the Florida Retirement System Retiree Health Insurance Subsidy Program are the City's proportionate share of the listed items.

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 19 - DEFINED BENEFIT PENSION PLAN SUMMARY DATA (continued)

Description	Florida Retirement System Pension Plan	Florida Retirement System HIS Program	Firefighters' Retirement Plan	Total
Total pension liability	\$ 5,145,358	\$ 452,821	\$ 357,677	\$ 5,955,856
Plan fiduciary net position	4,733,516	2,243	936,528	5,672,287
Net pension liability	411,842	450,578	-	862,420
Net pension asset	-	-	(578,851)	(578,851)
Deferred outflows of resources	136,527	41,007	52,582	230,116
Deferred inflows of resources	108,109	20,187	-	128,296
Pension expense (revenue)	56,817	30,400	(21,104)	66,113

NOTE 20 - 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 21 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2015, the following items within the General Fund had expenditures exceeding their budgeted amounts:

<u>Expenditure type</u>	<u>Over expenditure</u>
Current	
Economic environment	\$ 10,782
Human services	9,581
Debt service	
Principal retirement	15,857

NOTE 22 - 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, 2015

NOTE 22 - 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 66.2% of the jointly approved budget for the fire department for the fiscal year ended September 30, 2015. 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, 2015. The expenditures of the fire department and animal control department will be audited annually to determine the actual expenses during the immediate preceding fiscal year. If there is a deficit, each party will contribute proportionally to make up the deficit and if there is an overage, each party will receive a proportional refund. A schedule to determine compliance with the interlocal agreements is included in the supplemental schedules to the financial statements on page 83.

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, 2015, the City had entered into construction contracts related to the wastewater recycling project in the total amount of \$1,993,545. As of September 30, 2015, \$379,788 of the contract had been paid or was payable by the City with the \$1,613,757 balance of the contract to be incurred during the fiscal year ending September 30, 2016.

NOTE 23 - 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, 2015

NOTE 23 - 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, 2015, (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, 2015. When the ultimate losses ceded under aggregate excess insurance of \$10,645,570 is included, the indicated funding adequacy translates to a claims fund surplus of \$9,964,843. 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 24 - SUBSEQUENT EVENTS - WASTEWATER RECYCLING AND LABELLE WHARF PROJECTS

Wastewater Recycling Project

During the last several months of the fiscal year ended September 30, 2014, the City began a \$2.0 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

CITY OF LABELLE, FLORIDA
Notes to Financial Statements
September 30, 2015

NOTE 24 - SUBSEQUENT EVENTS - WASTEWATER RECYCLING AND LABELLE WHARF PROJECTS (continued)

Wastewater Recycling Project (continued)

Recycling 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.

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, 2016.

LaBelle Wharf Project

During the fiscal year ended September 30, 2015, the City began planning a \$350,000 project for Phase III of the LaBelle Wharf Project. The City has successfully completed two wharf projects with Florida Boater Improvement Project (FBIP) grant funds to renovate and provide greater boater access to the City's wharf. Phase I of the project constructed improvements to the eastern portion of the City wharf and was completed in late 2009. Funding for Phase I was provided through FBIP grant funds in the amount of \$142,053. The City requested and received \$15,000 from the Hendry County Boating Improvement Fund to help fund the lighting portion of the project. Phase II consisted of improvements to the western portion of the City wharf and was completed in late 2013. Funding for Phase II was provided through FBIP grant funds in the amount of \$415,394.

Phase III includes improvements to a significant portion of the shoreline between the Phase I and Phase II improvements. The Legislature appropriated \$350,000 toward this project. It will allow for the continued development of the fixed platform mooring facility on the Caloosahatchee River (C-43) for boats at the City's Barron Park/Library downtown waterfront region. This project will allow boaters access to Barron Park, the Barron Library, and the LaBelle Museum, as well as additional public access to the retail and commercial establishments in the downtown area. Amenities will include a mooring facility/piers which will be accessed from the existing mooring facility/piers constructed in Phase II of the project. In addition, the river bank will be stabilized with a retaining wall to allow for the construction of the mooring facility and the prevention of erosion. Construction is expected to be completed during the fiscal year ending September 30, 2016.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended September 30, 2015

	Original Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
Taxes and special assessments	\$ 2,149,561	\$ 2,481,671	\$ 332,110
Licenses and permits	52,200	106,507	54,307
Intergovernmental revenue	468,945	380,436	(88,509)
Charges for services	478,729	452,231	(26,498)
Fines and forfeitures	15,000	24,057	9,057
Miscellaneous revenues	<u>44,600</u>	<u>47,071</u>	<u>2,471</u>
Total revenues	<u>3,209,035</u>	<u>3,491,973</u>	<u>282,938</u>
Expenditures			
Current			
General government	1,001,856	936,188	65,668
Public safety	764,716	653,638	111,078
Physical environment	17,235	3,211	14,024
Transportation	1,183,872	880,452	303,420
Culture and recreation	498,095	398,705	99,390
Economic environment	26,600	37,382	(10,782)
Human services	180,992	190,573	(9,581)
Debt service - fire trucks and software			
Principal retirement	78,245	94,102	(15,857)
Interest	<u>7,424</u>	<u>7,424</u>	<u>-</u>
Total expenditures	<u>3,759,035</u>	<u>3,201,675</u>	<u>557,360</u>
Excess of revenues over (under) expenditures	<u>(550,000)</u>	<u>290,298</u>	<u>840,298</u>
Other financing sources (uses)			
Loan proceeds	-	-	-
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>-</u>	<u>(300,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (250,000)</u>	290,298	<u>\$ 540,298</u>
Fund balance - October 1, 2014		<u>2,448,739</u>	
Fund balance - September 30, 2015		<u>\$ 2,739,037</u>	

See accompanying notes to the budgetary comparison schedule.

CITY OF LABELLE, FLORIDA
Notes to Budgetary Comparison Schedule - General Fund
September 30, 2015

NOTE A - BUDGETARY ACCOUNTING

The City annually adopts an operating budget for all funds. The procedures for establishing the budgetary data reflected in the budgetary comparison schedule are follows:

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.
2. Public hearings are conducted to obtain taxpayer comments.
3. The City advises the County Property Appraiser of the proposed millage rate and the date, time, and place of the public hear for budget acceptance.
4. Prior to October 1st, the budget is legally enacted through passage of a resolution.
5. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations at that level. Management is authorized to transfer budget line items within each fund's departments. Changes or amendments to the budget that alter fund totals must be approved by the City Commission. There were no amendments made to the budget during the fiscal year ended September 30, 2015.
6. Formal budgetary integration is employed within the accounting system as a management control device.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles.
8. The preceding schedule is presented at the functional level and not the departmental level.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2015, the following items within the General Fund had expenditures exceeding their budgeted amounts:

<u>Expenditure type</u>	<u>Over expenditure</u>
Current	
Economic environment	\$ 10,782
Human services	9,581
Debt service	
Principal retirement	15,857

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last Ten Fiscal Years **(1)**

<u>Fiscal Year Ended September 30,</u>	<u>City's Proportion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>City's Covered- employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percent of Covered- employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percent of the Total Pension Liability</u>
2014	0.003087447%	\$ 188,380	\$ 1,360,600	13.85%	96.09%
2015	0.003188532%	\$ 86,538	\$ 1,335,290	30.84%	92.00%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years **(1)**

Fiscal Year Ended September 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	City's Covered- employee Payroll	City's Contributions as a Percent of Covered- employee Payroll
2014	\$ 129,288	\$ 129,288	\$ -	\$ 1,360,600	6.59%
2015	\$ 131,817	\$ 131,817	\$ -	\$ 1,335,290	6.96%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will presented as they become available.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years **(1)**

<u>Fiscal Year Ended September 30,</u>	<u>City's Proportion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>City's Covered- employee Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability as a Percent of Covered- employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percent of the Total Pension Liability</u>
2014	0.004582470%	\$ 428,472	\$ 1,360,600	31.49%	.99%
2015	0.004418111%	\$ 450,578	\$ 1,335,290	33.74%	.50%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available. The amounts presented for each fiscal year were determined as of the June 30 measurement date. The Plan's fiduciary net position as a percentage of the total pension liability is published in the Plan's Comprehensive Annual Financial Report. The discount rate decreased from 4.29% in 2014 to 3.8% in 2015.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Employer Contributions
Florida Retirement System Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years **(1)**

Fiscal Year Ended September 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Excess (Deficiency)	City's Covered- employee Payroll	City's Contributions as a Percent of Covered- employee Payroll
2014	\$ 16,530	\$ 16,530	\$ -	\$ 1,360,600	1.21%
2015	\$ 18,154	\$ 18,154	\$ -	1,335,290	1.36%

(1) This schedule is intended to present data for 10 years. For years prior to 2014, data is unavailable. Additional years will be presented as they become available.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Changes in City's Net Pension Liability and Related Ratios
Firefighters' Retirement Plan
Fiscal Year Ended September 30, 2015

Total pension liability	
Service cost	\$ 19,886
Interest	23,568
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(5,056)</u>
Net change in total pension liability	38,398
Total pension liability - beginning	<u>319,279</u>
Total pension liability - ending (a)	<u><u>\$ 357,677</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 26,824
Contributions - employee	1,350
Net investment income	(982)
Benefit payments, including refunds of member contributions	-
Administrative expense	<u>(3,448)</u>
Net change in plan fiduciary net position	23,744
Plan fiduciary net position - beginning	<u>912,784</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 936,528</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ (578,851)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	261.84%
Covered employee payroll	<u><u>\$ 136,605</u></u>
Net pension liability (asset) as a percentage of covered employee payroll	- 423.74%

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Employer Contributions
Firefighters' Retirement Plan
Fiscal Year Ended September 30, 2015

<u>Fiscal Year Ended September 30,</u>	<u>(1) Actuarilly Determined Contribution</u>	<u>(2) Contributions Recognized by the Plan</u>	<u>(3) Difference Between (1) and (2)</u>	<u>Covered Payroll</u>	<u>Contributions Recognized by the Plan as a Percent of Covered Payroll</u>
2006	\$ 10,541	\$ 22,614	\$ 12,073	\$ 101,000	22.39%
2007	\$ -0-	\$ 31,394	\$ 31,394	\$ 173,000	18.15%
2008	\$ -0-	\$ 34,331	\$ 34,331	\$ 197,000	17.43%
2009	\$ 49,329	\$ 38,393	\$ (10,936)	\$ 202,716	18.94%
2010	\$ 41,420	\$ 33,959	\$ (7,461)	\$ 193,600	17.54%
2011	\$ 46,309	\$ 34,999	\$ (11,310)	\$ 216,500	16.17%
2012	\$ 29,188	\$ 31,886	\$ 2,698	\$ 231,678	13.76%
2013	\$ 27,399	\$ 30,406	\$ 3,007	\$ 159,000	19.12%
2014	\$ 22,172	\$ 26,587	\$ 4,415	\$ 131,000	20.30%
2015	\$ -0-	\$ 26,824	\$ 26,824	\$ 136,761	19.61%

See accompanying notes to Required Supplementary Information - Firefighters' Retirement Plan.

CITY OF LABELLE, FLORIDA
Required Supplementary Information
Schedule of Investment Returns
Firefighters' Retirement Plan
Fiscal Year Ended September 30, 2015

Fiscal Year Ended <u>September 30,</u>	<u>Money Weighted Rate of Investment Return</u>
2014	7.79%
2015	-.37%

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

CITY OF LABELLE, FLORIDA
Notes to Required Supplementary Information
Firefighters' Retirement Plan
Fiscal Year Ended September 30, 2015

NOTE A - INFORMATION USED TO DETERMINE THE NET PENSION LIABILITY

Employer's reporting date:	September 30, 2015
Measurement date:	September 30, 2015
Actuarial valuation date:	October 1, 2014
Actuarial cost method:	Aggregate cost method
Amortization method:	Level dollar, open
Asset valuation method:	Market value

Actuarial Assumptions

Discount rate:	7.00% per annum (2.92% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments
Salary increases:	4.00% per annum
Cost-of-living increases:	None assumed
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected
Retirement:	Retirement is assumed to occur at normal retirement age
Other decrements:	None assumed
Non-investment expenses:	Liabilities have been loaded by 16.5% to account for non-investment expenses
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required
Changes:	No assumptions have been changed since the prior measurement date

CITY OF LABELLE, FLORIDA
Schedule to Determine Compliance
With Interlocal Fire Protection
and Animal Control Agreements
September 30, 2015

	<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	\$ 326,891	\$ 190,573
Expenditures - debt service - fire trucks	<u>85,668</u>	<u>-</u>
Total departmental expenditures	412,559	190,573
 Hendry County's percentage of net departmental expenditures per agreements	 <u>66.2%</u>	 <u>50%</u>
Portion of net departmental expenditures to be paid by Hendry County	273,114	95,287
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, 2015	 <u><u>\$ (44,721)</u></u>	 <u><u>\$ 4,791</u></u>

CITY OF LABELLE, FLORIDA
Schedule of Revenues and Expenses -
Business-type Activities - Water and Sewer Systems
Year Ended September 30, 2015

	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Operating revenues			
Charges for services	<u>\$ 1,816,324</u>	<u>\$ 748,461</u>	<u>\$ 2,564,785</u>
Operating expenses			
Administrative	155,436	53,312	208,748
Treatment plants	547,725	326,096	873,821
Water distribution	166,702	-	166,702
Wastewater collection	-	131,370	131,370
Depreciation	<u>651,609</u>	<u>492,981</u>	<u>1,144,590</u>
Total operating expenses	<u>1,521,472</u>	<u>1,003,759</u>	<u>2,525,231</u>
Operating income (loss)	<u>294,852</u>	<u>(255,298)</u>	<u>39,554</u>
Nonoperating revenues (expenses)			
Interest income	3,928	6,420	10,348
Interest expense and fiscal charges	<u>(360,410)</u>	<u>(146,089)</u>	<u>(506,499)</u>
Total nonoperating revenues (expenses)	<u>(356,482)</u>	<u>(139,669)</u>	<u>(496,151)</u>
Net loss before contributions	(61,630)	(394,967)	(456,597)
Contributions	<u>167,005</u>	<u>319,265</u>	<u>486,270</u>
Net income (loss)	<u>\$ 105,375</u>	<u>\$ (75,702)</u>	<u>\$ 29,673</u>

CITY OF LABELLE, FLORIDA
Schedule of Revenues and Expenditures -
Budget and Actual - Budgetary Basis
Business-type Activities
Year Ended September 30, 2015

	<u>Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
User fees	\$ 2,155,774	\$ 2,515,321	\$ 359,547
Connection and turn-on fees	12,500	46,880	34,380
Miscellaneous operating revenues	20,000	2,584	(17,416)
Interest income	3,250	10,348	7,098
Capital contribution - impact fees	20,000	21,124	1,124
Sewer hook-up assessments	10,000	4,026	(5,974)
Capital grants	<u>1,718,424</u>	<u>465,146</u>	<u>(1,253,278)</u>
Total revenues	<u>3,939,948</u>	<u>3,065,429</u>	<u>(874,519)</u>
Expenditures			
Administration			
Payroll	103,515	97,155	6,360
Payroll taxes	7,700	7,042	658
Retirement expense	7,125	6,994	131
Engineering, legal, and other			
contract services	60,803	26,613	34,190
Audit fees	20,500	22,850	(2,350)
Travel and per diem	1,000	636	364
Telephone and communications	7,500	11,387	(3,887)
Insurance	24,108	9,584	14,524
Office supplies and other supplies	7,522	12,600	(5,078)
Fees, dues, and donations	15,000	9,215	5,785
Repairs and maintenance	2,000	4,672	(2,672)
Miscellaneous and reserve for			
contingencies	<u>159,784</u>	<u>-</u>	<u>159,784</u>
Total administration	<u>416,557</u>	<u>208,748</u>	<u>207,809</u>

CITY OF LABELLE, FLORIDA
Schedule of Revenues and Expenditures -
Budget and Actual - Budgetary Basis (continued)
Business-type Activities
Year Ended September 30, 2015

	Budget	Actual - Budgetary Basis	Variance - Favorable (Unfavorable)
Expenditures (continued)			
Treatment plants			
Payroll	227,125	216,933	10,192
Payroll taxes	16,700	14,707	1,993
Retirement expense	15,152	11,247	3,905
Uniform rental	4,000	2,319	1,681
Utilities and telephone	157,000	216,780	(59,780)
Tools and supplies	35,000	20,269	14,731
Chemicals	215,000	65,829	149,171
Repairs and maintenance	195,491	113,987	81,504
Tests	22,000	63,265	(41,265)
Insurance	104,337	119,915	(15,578)
Engineering and legal fees	6,500	-	6,500
Contract services	7,000	769	6,231
Gas and oil	40,500	16,924	23,576
Drainage district assessment	<u>15,000</u>	<u>10,877</u>	<u>4,123</u>
Total treatment plants	<u>1,060,805</u>	<u>873,821</u>	<u>186,984</u>
Water distribution system			
Payroll	103,845	110,883	(7,038)
Payroll taxes	8,200	8,210	(10)
Retirement expense	7,869	5,798	2,071
Repairs and maintenance	60,000	31,059	28,941
Tools and supplies	6,500	2,583	3,917
Insurance	<u>17,498</u>	<u>8,169</u>	<u>9,329</u>
Total water distribution system	<u>203,912</u>	<u>166,702</u>	<u>37,210</u>
Wastewater collection system			
Payroll	28,068	29,603	(1,535)
Payroll taxes	2,310	2,049	261
Retirement expense	2,330	1,280	1,050
Utilities	25,000	12,494	12,506
Tools and supplies	7,497	10,465	(2,968)
Repairs and maintenance	46,177	70,822	(24,645)
Insurance	4,415	4,657	(242)
Engineering fees	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total wastewater collection system	<u>119,297</u>	<u>131,370</u>	<u>(12,073)</u>

CITY OF LABELLE, FLORIDA
Schedule of Revenues and Expenditures -
Budget and Actual - Budgetary Basis (continued)
Business-type Activities
Year Ended September 30, 2015

	<u>Budget</u>	<u>Actual - Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenditures (continued)			
Debt service			
Principal on notes and revenue bonds payable	66,000	76,828	(10,828)
Interest on notes and revenue bonds payable	<u>146,000</u>	<u>506,499</u>	<u>(360,499)</u>
Total debt service	<u>212,000</u>	<u>583,327</u>	<u>(371,327)</u>
Capital outlay			
Equipment purchases, construction costs for new services, system improvements, and construction in progress	<u>1,890,477</u>	<u>488,775</u>	<u>1,401,702</u>
Total expenditures	<u>3,903,048</u>	<u>2,452,743</u>	<u>1,450,305</u>
Excess of revenues over expenditures	<u>36,900</u>	<u>612,686</u>	<u>575,786</u>
Operating transfers			
Operating transfers-in	50,000		(50,000)
Operating transfers-out	<u>(350,000)</u>	<u>-</u>	<u>350,000</u>
Total operating transfers	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Excess of revenues and operating transfers-in over (under) expenditures and transfers-out - budgetary basis	<u>\$ (263,100)</u>	<u>\$ 612,686</u>	<u>\$ 875,786</u>

CITY OF LABELLE, FLORIDA
Schedule of Revenues and Expenditures
Budget and Actual - Budgetary Basis (continued)
Business-type Activities
Year Ended September 30, 2015

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 84, to excess of revenues and operating transfers-in over expenditures and transfers-out on a budgetary basis, as shown on page 87.

Changes in net position - business-type activities and net income - business-type activities (page 14 and page 84)	\$ 29,673
Add depreciation	1,144,590
Add sewer hook-up assessments - budgetary basis	4,026
Less capital outlay - budgetary basis	(488,775)
Less principal on notes and bonds payable - budgetary basis	<u>(76,828)</u>
 Excess of revenues and operating transfers-in over expenditures and transfers-out - budgetary basis as shown on page 87.	 <u>\$ 612,686</u>

CITY OF LABELLE, FLORIDA
Schedule of Changes in Assets and Liabilities
Agency Fund
Year Ended September 30, 2015

	October 1, 2014	Additions	Deletions	September 30, 2015
Assets				
Investments	\$ 124,948	\$ 793,260	\$ 744,844	\$ 173,364
Accounts receivable	78,317	795,146	793,520	79,943
Due from Enterprise Fund	<u>61,899</u>	<u>-</u>	<u>-</u>	<u>61,899</u>
	<u>\$ 265,164</u>	<u>\$ 1,588,406</u>	<u>\$ 1,538,364</u>	<u>\$ 315,206</u>
Liabilities				
Accounts payable	\$ 3,662	\$ -	\$ 555	\$ 3,107
Due to sanitation contractor	135,251	758,781	749,846	144,186
Due to General Fund	122,774	41,662	-	164,436
Due to Enterprise Fund	<u>3,477</u>	<u>-</u>	<u>-</u>	<u>3,477</u>
	<u>\$ 265,164</u>	<u>\$ 800,443</u>	<u>\$ 750,401</u>	<u>\$ 315,206</u>

CITY OF LABELLE, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended September 30, 2015

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 Agriculture - Rural Development					
(B) Community Facilities Loans and Grants					
Grant	10.760	91-14	\$ 2,117,470	\$ 160,381	\$ -
Total Expenditures of Federal Awards				\$ 160,381	\$ -

CITY OF LABELLE, FLORIDA
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
Year Ended September 30, 2015

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 - Farm Tour	40.024	P0106	\$ 25,000	\$ 25,000	\$ -
Florida Department of State Division of Historical Resources					
(G) Captain Hendry House Rehabilitation	45.031	MP1501	\$ 43,600	40,018	-
Florida Department of Environmental Protection					
(B) Statewide Surface Water Restoration and Wastewater Projects - Wastewater Recycle Project	37.039	LP26033	\$ 1,812,500	<u>304,765</u>	<u>-</u>
Total State Financial Assistance				<u>\$ 369,783</u>	<u>\$ -</u>

CITY OF LABELLE, FLORIDA
Notes to Schedule of Expenditures of Federal
Awards and State Financial Assistance
For the Year Ended September 30, 2015

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 and 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, 2015.

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

Honorable Mayor and City Commissioners
The 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, 2015, 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 14, 2016.

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 responses, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency (Finding 2009-1) described in the accompanying schedule of findings and responses 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*.

City of LaBelle, Florida's 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 responses. 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 14, 2016

CITY OF LABELLE, FLORIDA
Schedule of Findings and Responses
For the Year Ended September 30, 2015

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

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

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

Recommendation: The City 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.

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**INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 218.415, FLORIDA STATUTES,
REQUIRED BY RULE 10.556(10)(a) 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, in accordance with Rule 10.556(10)(a) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. 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, 2015.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the City 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 14, 2016

BOY, MILLER, KISKER & PERRY, P.A.
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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of LaBelle, Florida

Report on the Financial Statements

We have audited the financial statements of the City of LaBelle, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 14, 2016.

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 14, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The only prior year finding and recommendation, as shown below, had been repeated in this annual financial audit report.

PRIOR YEAR FINDING AND RECOMMENDATION

See Finding 2009-1 which is described in the Schedule of Findings and Responses on page 95 and was included in the second preceding fiscal year financial audit report.

Official Title and Legal Authority

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

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City 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

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of LaBelle, Florida, for the fiscal year ended September 30, 2015, 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, 2015. 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

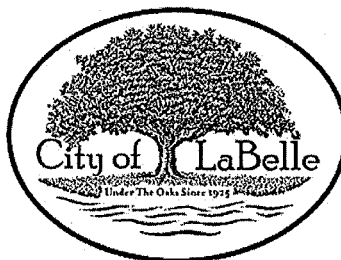
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, the City Commissioners and applicable management of the City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

Bay, Miller, Kisher & Perry, P.A.

LaBelle, Florida
June 14, 2016

Thomas A. Smith
Commissioner

Daniel W. Akin
Commissioner



David A. Lyons
Mayor

Julie C. Wilkins
Commissioner

Hilda L. Zimmerly
Commissioner

June 14, 2016
FD 2016-442

Ms. Sherrill F. Norman, 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 Responses for the Fiscal Year 2014-2015

Dear Ms. Norman:

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 RESPONSES

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 black ink, appearing to read "Ron Zimmerly", is written over a horizontal line.

Ron Zimmerly
Finance Director