

**CITY OF LABELLE, FLORIDA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023**



**MAULDIN & JENKINS**

**CPAs & ADVISORS**

CITY OF LABELLE, FLORIDA

ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaBelle, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit schedules on pages 4 through 9 and 54 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of State Financial Assistance, as required by Chapter 10.550, Rules of the Auditor General, Schedule to Determine Compliance with Interlocal Fire Protection and Animal Control Agreements, and Schedule of Revenues and Expenses – Business-Type Activities – Utility Fund (collectively the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
January 9, 2025

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# CITY OF LABELLE, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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Management's discussion and analysis presents a narrative overview and analysis of the City of LaBelle's (the "City") financial performance for the fiscal year ended September 30, 2023. It is designed to provide a broad overview and a short- and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activities, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), clarify material deviations from the approved budget, and explain individual fund issues. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements (beginning on page 10) and notes to the financial statements (pages 22 through 53).

### HIGHLIGHTS

**Financial Highlights for the Fiscal Year Ended September 30, 2023 and Subsequent Financial Information are shown below:**

1. The City's overall net position increased by \$2,034,947.
2. The total cost of all the City's programs was \$12,927,840, which was \$2,891,514 more than the prior year.
3. The City's governmental activities increased net position by \$589,875, as a result of excess revenues over expenses.
4. During the year, the City had expenses of \$6,071,107 for governmental activities, which was \$1,447,128 greater than the prior year.
5. The City's business-type activities increased net position by \$1,445,072 primarily, as a result of capital grants of \$3,526,441.

### Overview of the Financial Statements

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

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

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

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

## CITY OF LABELLE, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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

The government-wide financial statements can be found on pages 10 and 11 of this report.

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

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

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

The City maintains one individual governmental fund – the General Fund.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility operations, which is considered to be a major fund.

**CITY OF LABELLE, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

The basic proprietary fund financial statements can be found on pages 16 through 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 53 of this report.

**Government-Wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. The City's assets (and deferred outflows of resources) exceeded liabilities (and deferred inflows of resources) by \$31,555,534 (net position) on September 30, 2023.

\$23.7 million (74.9%) of the City's net position reflects its investment in capital assets (e.g. land, construction in progress, buildings, vehicles, and machinery and equipment) less related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 9,530,498	\$ 8,578,668	\$ 4,718,730	\$ 4,756,013	\$ 14,249,228	\$ 13,334,681
Capital assets	7,304,231	7,471,263	30,917,437	28,949,293	38,221,668	36,420,556
Total assets	16,834,729	16,049,931	35,636,167	33,705,306	52,470,896	49,755,237
Total deferred outflows of resources	466,786	691,534	153,973	226,033	620,759	917,567
Other liabilities	2,899,608	2,902,780	1,304,005	661,478	4,203,613	3,564,258
Long-term liabilities	1,764,875	2,021,719	14,982,051	15,329,902	16,746,926	17,351,621
Total liabilities	4,664,483	4,924,499	16,286,056	15,991,380	20,950,539	20,915,879
Total deferred inflows of resources	430,243	200,052	155,339	36,286	585,582	236,338
Net position:						
Net investment in capital assets	7,007,443	7,103,486	16,642,588	14,406,014	23,650,031	21,509,500
Restricted	-	-	2,662,538	2,662,538	2,662,538	2,662,538
Unrestricted	5,199,346	4,513,428	43,619	835,121	5,242,965	5,348,549
Total net position	\$ 12,206,789	\$ 11,616,914	\$ 19,348,745	\$ 17,903,673	\$ 31,555,534	\$ 29,520,587

**CITY OF LABELLE, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

A portion of the City's net position, \$2.7 million (12.5%), represents resources that are subject to restrictions on how they may be used. The unrestricted portion of net position, \$4.0 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's overall financial condition improved during the year ended September 30, 2023. The overall increase in the City's net position was \$2 million (6.9%) during the year.

**Statement of Activities**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,193,661	\$ 766,670	\$ 4,757,136	\$ 4,493,917	\$ 5,950,797	\$ 5,260,587
Operating grants and contributions	-	56,410	-	-	-	56,410
Capital grants and contributions	690,960	77,972	3,526,441	1,670,282	4,217,401	1,748,254
General revenues:						
Property taxes	1,261,174	1,012,297	-	-	1,261,174	1,012,297
Intergovernmental	3,451,945	3,202,862	-	-	3,451,945	3,202,862
Investment income	26,911	4,548	18,228	6,241	45,139	10,789
Miscellaneous	36,331	109,775	-	-	36,331	109,775
Total revenues	<u>6,660,982</u>	<u>5,230,534</u>	<u>8,301,805</u>	<u>6,170,440</u>	<u>14,962,787</u>	<u>11,400,974</u>
Operating expenses:						
General government	2,071,368	1,813,379	-	-	2,071,368	1,813,379
Public safety	1,718,682	1,023,317	-	-	1,718,682	1,023,317
Physical environment	1,402,170	987,607	-	-	1,402,170	987,607
Transportation	95,222	36,655	-	-	95,222	36,655
Culture and recreation	449,506	455,821	-	-	449,506	455,821
Economic environment	-	-	-	-	-	-
Human services	322,063	298,962	-	-	322,063	298,962
Interest on long-term debt	12,096	8,238	-	-	12,096	8,238
Water system	-	-	3,465,693	2,926,794	3,465,693	2,926,794
Sewer system	-	-	2,063,453	1,315,227	2,063,453	1,315,227
Solid waste	-	-	1,327,587	1,170,326	1,327,587	1,170,326
Total operating expenses	<u>6,071,107</u>	<u>4,623,979</u>	<u>6,856,733</u>	<u>5,412,347</u>	<u>12,927,840</u>	<u>10,036,326</u>
Change in net position	589,875	606,555	1,445,072	758,093	2,034,947	1,364,648
Net position, beginning,	11,616,914	11,010,359	17,903,673	17,145,580	29,520,587	28,155,939
Net position, ending	<u>\$ 12,206,789</u>	<u>\$ 11,616,914</u>	<u>\$ 19,348,745</u>	<u>\$ 17,903,673</u>	<u>\$ 31,555,534</u>	<u>\$ 29,520,587</u>

**CITY OF LABELLE, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, is \$38.2 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, wastewater and drainage systems improvements, vehicles, machinery and equipment, park facilities, roads and highways, and software. There was an increase of the City's investment in capital assets for the year end, September 30, 2023, of which \$1,800,000 was due mostly to water and wastewater system construction in progress.

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land and improvements	\$ 4,139,129	\$ 4,139,129	\$ 1,466,338	\$ 1,466,338	\$ 5,605,467	\$ 5,605,467
Construction in progress	126,629	126,629	3,034,207	21,779	3,160,836	148,408
Buildings	3,099,336	3,093,775	-	-	3,099,336	3,093,775
Equipment, furniture, and fixtures	4,436,307	4,436,307	995,789	813,494	5,432,096	5,249,801
Infrastructure	3,455,367	3,667,914	-	-	3,455,367	3,667,914
Treatment plans and systems	-	-	45,363,888	45,363,888	45,363,888	45,363,888
Less accumulated depreciation	(7,952,537)	(7,992,491)	(19,942,785)	(18,716,206)	(27,895,322)	(26,708,697)
Total capital assets	<u>\$ 7,304,231</u>	<u>\$ 7,471,263</u>	<u>\$ 30,917,437</u>	<u>\$ 28,949,293</u>	<u>\$ 38,221,668</u>	<u>\$ 36,420,556</u>

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

**Long-term debt.** On September 30, 2023, the City had total long-term liabilities outstanding of \$16.7 million. The debt amount represents notes payable and bonds payable secured by specified revenue sources and equipment.

**City of LaBelle, Florida's Long-Term Liabilities Outstanding**

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ 60,740	\$ 126,000	\$ 104,849	\$ 118,279	\$ 165,589	\$ 244,279
Bonds payable	236,048	241,777	14,170,000	14,425,000	14,406,048	14,666,777
Net pension liability	1,285,300	1,487,273	627,784	726,434	1,913,084	2,213,707
Total OPEB liability	35,544	42,111	20,869	24,252	56,413	66,363
Compensated absences	147,243	124,558	58,549	35,937	205,792	160,495
Total debt	<u>\$ 1,764,875</u>	<u>\$ 2,021,719</u>	<u>\$ 14,982,051</u>	<u>\$ 15,329,902</u>	<u>\$ 16,746,926</u>	<u>\$ 17,351,621</u>

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

# CITY OF LABELLE, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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

The City Commission considered many factors while determining the fiscal year 2024 budget, setting the new millage rate and special assessments, and analyzing the fees which will be charged by the business-type activities. One of those factors was the economy.

The City's local economy consists largely of retail, agriculture, and service industries. Some of the largest business entities in the City include agribusiness, general merchandise, grocery, and vehicle retail establishments. Hendry County's unemployment rate was 4.8% in December 2023, which was an increase from 4.2% in December 2021. According to the Census.gov site, the population of the City of LaBelle is estimated at 5,222 as of July 1, 2023.

The City of LaBelle's infrastructure has aged and is near the end of its economic life. The City procured significant capital improvement grants and consultants experienced with wastewater plants to assist in managing the existing plant for a few more years, while a new plant is planned and built. The plant is close to capacity and City staff are working with the DEP on associated issues. Work on septic to sewer conversions is on-going in the remaining areas of the City, including the northeast quadrant. The water plant needs additional improvements including storage tanks for redundancy and additional capacity for the City.

New commercial establishments and residential housing within the City are in process and some have recently opened for business. Many developers are contacting the City to discuss additional residential and commercial projects. The City has added projects to install new water and sewer lines to the Western quadrant of the City to allow for expansion of homes and businesses. Design and planning begins in 2024.

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

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF LABELLE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,946,992	\$ 762,391	\$ 6,709,383
Accounts receivables, net	62,787	466,240	529,027
Due from other governments	268,027	3,169,887	3,437,914
Internal balances	1,960,906	(1,960,906)	-
Restricted asset, cash and cash equivalents	-	2,281,118	2,281,118
Net pension asset	1,291,786	-	1,291,786
Capital assets			
Non-depreciable	4,265,758	4,500,545	8,766,303
Depreciable, net	3,038,473	26,416,892	29,455,365
<b>Total assets</b>	<b>16,834,729</b>	<b>35,636,167</b>	<b>52,470,896</b>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	466,786	153,973	620,759
<b>Total deferred outflows of resources</b>	<b>466,786</b>	<b>153,973</b>	<b>620,759</b>
<b>Liabilities</b>			
Accounts payable	192,071	887,047	1,079,118
Accrued liabilities	68,349	8,095	76,444
Accrued interest payable	-	31,621	31,621
Customer deposits payable	23,600	377,242	400,842
Unearned revenue	2,615,588	-	2,615,588
Noncurrent liabilities			
Due within one year	145,393	390,813	536,206
Due in more than one year	1,619,482	16,552,144	18,171,626
<b>Total liabilities</b>	<b>4,664,483</b>	<b>18,246,962</b>	<b>22,911,445</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	430,243	155,339	585,582
<b>Total deferred inflows of resources</b>	<b>430,243</b>	<b>155,339</b>	<b>585,582</b>
<b>Net position</b>			
Net investment in capital assets	7,007,443	16,642,588	23,650,031
Restricted for			
Capital improvements	-	1,140,891	1,140,891
Pensions	1,291,786	-	1,291,786
Debt service	-	1,521,647	1,521,647
Unrestricted	3,907,560	43,619	3,951,179
<b>Total net position</b>	<b>\$ 12,206,789</b>	<b>\$ 19,348,745</b>	<b>\$ 31,555,534</b>

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

**CITY OF LABELLE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Functions/programs</b>							
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,071,368	\$ 251,651	\$ -	\$ 409,194	\$ (1,410,523)	\$ -	\$ (1,410,523)
Public safety	1,718,682	724,914	-	204,164	(789,604)	-	(789,604)
Transportation	1,402,170	-	-	77,602	(1,324,568)	-	(1,324,568)
Physical environment	95,222	-	-	-	(95,222)	-	(95,222)
Culture and recreation	449,506	67,650	-	-	(381,856)	-	(381,856)
Human services	322,063	149,446	-	-	(172,617)	-	(172,617)
Interest on long-term debt	12,096	-	-	-	(12,096)	-	(12,096)
Total governmental activities	<u>6,071,107</u>	<u>1,193,661</u>	<u>-</u>	<u>690,960</u>	<u>(4,186,486)</u>	<u>-</u>	<u>(4,186,486)</u>
<b>Business-type activities:</b>							
Water	3,465,693	2,409,896	-	251,046	-	(804,751)	(804,751)
Sewer	2,063,453	1,003,711	-	3,275,395	-	2,215,653	2,215,653
Solid waste	1,327,587	1,343,529	-	-	-	15,942	15,942
Total business-type activities	<u>6,856,733</u>	<u>4,757,136</u>	<u>-</u>	<u>3,526,441</u>	<u>-</u>	<u>1,426,844</u>	<u>1,426,844</u>
Total primary government	<u>\$ 12,927,840</u>	<u>\$ 5,950,797</u>	<u>\$ -</u>	<u>\$ 4,217,401</u>	<u>(4,186,486)</u>	<u>1,426,844</u>	<u>(2,759,642)</u>
<b>General revenues</b>							
Property taxes					1,261,174	-	1,261,174
Gas taxes					363,320	-	363,320
Sales taxes					315,794	-	315,794
Communication services					187,654	-	187,654
Utility service taxes					316,752	-	316,752
Franchise taxes					460,307	-	460,307
Other taxes					1,620,126	-	1,620,126
Unrestricted state revenue sharing					187,992	-	187,992
Investment earnings					26,911	18,228	45,139
Miscellaneous					36,331	-	36,331
Total general revenues					<u>4,776,361</u>	<u>18,228</u>	<u>4,794,589</u>
Change in net position					589,875	1,445,072	2,034,947
Net position, beginning of year					11,616,914	17,903,673	29,520,587
Net position, end of year					<u>\$ 12,206,789</u>	<u>\$ 19,348,745</u>	<u>\$ 31,555,534</u>

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

CITY OF LABELLE, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2023

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	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,946,992
Accounts receivable, net	62,787
Due from other funds (advances)	1,960,906
Due from other governments	268,027
Total assets	<u>\$ 8,238,712</u>
<b>Liabilities and fund balances</b>	
Liabilities	
Accounts payable	\$ 192,071
Accrued liabilities	62,635
Customer deposits	23,600
Unearned revenue	2,615,588
Total liabilities	<u>2,893,894</u>
Fund balances	
Nonspendable	1,960,906
Unassigned	3,383,912
Total fund balances	<u>5,344,818</u>
Total liabilities and fund balances	<u>\$ 8,238,712</u>

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

**CITY OF LABELLE, FLORIDA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

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

Total fund balances - governmental fund		\$	5,344,818
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets	\$	15,256,768	
Accumulated depreciation		<u>(7,952,537)</u>	7,304,231
Deferred outflows, deferred inflows, and the net pension asset and liability related to the City's pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.			
Deferred outflows - pension		466,786	
Deferred inflows - pension		(430,243)	
Net pension asset		1,291,786	
Net pension liability		(1,285,300)	
Total OPEB liability		<u>(35,544)</u>	7,485
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.			
Accrued interest payable		(5,714)	
Compensated absences		(147,243)	
Notes payable		(60,740)	
Revenue bonds payable		<u>(236,048)</u>	(449,745)
Net position of governmental activities			<u>\$ 12,206,789</u>

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

**CITY OF LABELLE, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 3,671,953
Other taxes	26,364
Licenses and permits	702,258
Intergovernmental revenues	1,245,455
Charges for services	905,825
Fines and forfeitures	45,885
Investment earnings	26,911
Miscellaneous revenues	36,331
Total revenues	6,660,982
<b>Expenditures</b>	
Current	
General government	1,657,666
Public safety	1,956,212
Transportation	1,313,981
Physical environment	8,791
Culture and recreation	356,319
Human services	266,936
Debt service	
Principal retirement	70,989
Interest	11,243
Capital outlay	249,004
Total expenditures	5,891,141
<b>Change in fund balances</b>	769,841
<b>Fund balances</b> , beginning of year	4,574,977
<b>Fund balances</b> , end of year	\$ 5,344,818

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

**CITY OF LABELLE, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b>Net change in fund balances – total governmental fund</b>		<b>\$ 769,841</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 253,715	
Less current year depreciation	<u>(419,587)</u>	(165,872)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>		
		(1,160)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayment of long-term debt		70,989
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	(22,685)	
Change in total OPEB liability	6,567	
Change in accrued interest	(853)	
Change in net pension liability	<u>(66,952)</u>	<u>(83,923)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 589,875</u></b>

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

**CITY OF LABELLE, FLORIDA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2023**

	<b>Utility Fund</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 762,391
Accounts receivable, net	466,240
Due from other governments	3,169,887
Restricted cash and cash equivalents	2,281,118
Total current assets	6,679,636
Noncurrent assets	
Capital assets, non-depreciable	4,500,545
Capital assets, net	26,416,892
Total noncurrent assets	30,917,437
<b>Total assets</b>	<b>37,597,073</b>
<b>Deferred outflows of resources</b>	
Deferred outflows - pension	153,973
<b>Total deferred outflows of resources</b>	<b>153,973</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	887,047
Accrued liabilities	8,095
Compensated absences	1,017
Liabilities payable from restricted assets	
Accrued interest	31,621
Customer deposits payable	377,242
Current portion of note payable	13,796
Current portion of revenue bonds payable	376,000
Total current liabilities	1,694,818
Noncurrent liabilities	
Due to other funds (advances)	1,960,906
Compensated absences	57,532
Notes payable, net of current portion	91,053
Revenue bonds payable, net of current portion	13,794,000
Net pension liability	627,784
Total OPEB liability	20,869
Total non current liabilities	16,552,144
Total liabilities	<b>18,246,962</b>
<b>Deferred inflows of resources</b>	
Deferred inflows - pension	155,339
<b>Total deferred inflows of resources</b>	<b>155,339</b>
<b>Net position</b>	
Net investment in capital assets	16,642,588
Restricted for	
Debt service	1,140,891
Capital improvements	1,521,647
Unrestricted	43,619
Total net position	<b>\$ 19,348,745</b>

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

**CITY OF LABELLE, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 4,757,136
Total operating revenues	4,757,136
<b>Operating expenses</b>	
Administrative	1,069,999
Treatment plants	1,211,283
Water distribution	493,064
Wastewater collection	1,130,630
Sanitation fees	1,327,587
Depreciation	1,226,579
Total operating expenses	6,459,142
<b>Operating (loss)</b>	(1,702,006)
<b>Nonoperating revenues (expenses)</b>	
Investment earnings	18,228
Interest expense	(397,591)
Total nonoperating revenues (expenses)	(379,363)
(Loss) before capital contributions	(2,081,369)
<b>Capital contributions</b>	3,526,441
<b>Change in net position</b>	1,445,072
<b>Total net position, beginning of year</b>	17,903,673
<b>Total net position, end of year</b>	\$ 19,348,745

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

**CITY OF LABELLE, FLORIDA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>Utility Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 4,730,055
Cash paid to suppliers for goods and services	(2,382,447)
Cash paid to employees for services and benefits	(950,936)
Net cash provided by operating activities	1,396,672
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(3,194,723)
Proceeds from bond issuance	2,845,000
Principal paid on notes payable	(13,430)
Principal paid on bonds payable	(3,100,000)
Capital grants received	356,554
Interest paid	(403,403)
Net cash used in capital and related financing activities	(3,510,002)
<b>Cash flows from investing activities</b>	
Interest received	18,228
Net cash provided by investing activities	18,228
<b>Net change in cash and cash equivalents</b>	(2,095,102)
<b>Cash and cash equivalents, beginning of year</b>	5,138,611
<b>Cash and cash equivalents, end of year</b>	\$ 3,043,509
<b>Cash and cash equivalents classified as</b>	
Cash and cash equivalents	\$ 762,391
Restricted cash and cash equivalents	2,281,118
Total cash and cash equivalents	\$ 3,043,509

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

**CITY OF LABELLE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>Utility Fund</b>
<b>Reconciliation of operating (loss) to net cash provided</b>	
<b>operating activities</b>	
Operating (loss)	\$ (1,702,006)
Adjustment to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	1,226,579
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(55,598)
Deferred outflows - pension	72,060
Increase (decrease) in liabilities:	
Accounts payable	612,451
Accrued liabilities	7,371
Due to other funds	1,167,666
Compensated absences payable	22,612
Net pension liability	(98,650)
Total OPEB liability	(3,383)
Deferred inflows - pension	119,053
Customer deposits	28,517
Net cash provided by operating activities	\$ 1,396,672

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

CITY OF LABELLE, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
SEPTEMBER 30, 2023

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	<u>Pension Trust Fund</u>
<b>Assets</b>	
Cash	\$ 32,333
Investments at fair value	<u>2,277,178</u>
Total assets	<u>2,309,511</u>
<b>Net position</b>	
Restricted for pension benefits	<u>\$ 2,309,511</u>

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

**CITY OF LABELLE, FLORIDA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 120,503
Employee	4,979
State	407
Investment income	173,528
Total additions	299,417
<b>Deductions</b>	
Pension benefits	26,809
Administrative expenses	5,426
Total deductions	32,235
Change in net position	267,182
Net position, beginning of year	2,042,329
Net position, end of year	\$ 2,309,511

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

# CITY OF LABELLE, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Reporting Entity**

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

The Retirement Plan for the Firefighters of the City of LaBelle is a single-employer defined benefit pension plan, that qualifies as a Fiduciary Component Unit under GASB 84. As of September 30, 2023, the City has no component units, as defined by GASB Statement 61 as amended.

#### **Government-Wide and Fund Financial Statements**

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

The following is the current property tax calendar:

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

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

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

**Basis of Presentation**

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

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

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

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

**Basis of Presentation (Continued)**

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

***Governmental Fund***

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

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

***Proprietary Fund***

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

*Utility Fund* – Accounts for the operations and activities related to the water distribution, wastewater collection, and solid waste collection within the City.

***Fiduciary Fund***

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

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

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

**Cash and Cash Equivalents**

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Deposits and Investments**

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

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

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

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

**Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

**Inventory and Prepaid Items**

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

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

**Capital Assets**

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

**Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed.

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

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

**Compensated Absences**

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

**Long-Term Obligations**

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

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

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

**Net Pension Liability**

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

**Fund Balance**

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

*Nonspendable* – includes amounts that are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaids, and advances to other funds.

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

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

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

**Fund Balance (Continued)**

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

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

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

**Net Position**

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

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

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

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

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

**Deferred Outflows/Inflows of Resources**

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

**Estimates**

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

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

**Budgets**

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

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

**Budgets (Continued)**

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

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources that are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. All encumbrances were closed at the end of the year. Therefore, no provision for encumbrances has been made at September 30, 2023.

**NOTE 3. DEPOSITS AND INVESTMENTS**

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

**Deposits**

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

At September 30, 2023, the carrying amount of the City's checking accounts was \$8,989,026 and the bank balance was \$9,652,246. The City also held \$1,475 in petty cash.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Pension Trust Fund Investments**

As of September 30, 2023, the City's pension trust fund had the following investments:

<b>Pension Trust Fund Investments</b>	<b>Fair Value</b>
Broad Market HQ Bond Fund	\$ 337,189
Core Plus Fixed Income	314,093
Diversified Large Cap	563,521
Diversified Small to Mid Cap	321,022
International Equity	445,736
Core Real Estate	295,617
	<u>\$ 2,277,178</u>

***Fair Value Measurements***

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2023:

<b>Pension Trust Fund Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
Broad Market HQ Bond Fund	\$ -	\$ 337,189	\$ -	\$ 337,189
Core Plus Fixed Income	-	-	314,093	314,093
Diversified Large Cap	-	563,521	-	563,521
Diversified Small to Mid Cap	-	321,022	-	321,022
International Equity	-	445,736	-	445,736
Core Real Estate	-	-	295,617	295,617
	<u>\$ -</u>	<u>\$ 1,667,468</u>	<u>\$ 609,710</u>	<u>\$ 2,277,178</u>

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2023 were as follows:

	<b>General Fund</b>	<b>Utility Fund</b>	<b>Total</b>
Accounts receivable - billed	\$ 62,787	\$ 235,610	\$ 298,397
Accounts receivable - unbilled	-	177,575	177,575
Due from other governments	268,027	3,169,887	3,437,914
Assessments receivable	-	81,955	81,955
Less allowance for doubtful accounts	-	(28,900)	(28,900)
	<b>\$ 330,814</b>	<b>\$ 3,636,127</b>	<b>\$ 3,966,941</b>

**Due from Other Governments**

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

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2023 is as follows:

**Due From/To Other Funds (Advances)**

Due from/to other funds (advances) generally represent recurring activities between funds, as well as temporary cash deficits. Balances as of September 30, 2023 were as follows:

	<b>Due From</b>	<b>Due To General Fund</b>
Utility Fund		\$ 1,960,906

**Interfund Transfers**

Interfund transfers represent transfers of funds for operating purposes from the fund that collected them to the fund that is authorized to expend them. There were no transfers between funds for the year ended September 30, 2023.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 6. CAPITAL ASSETS**

Capital asset balances and activity for the year ended September 30, 2023 were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land and improvements	\$ 4,139,129	\$ -	\$ -	\$ 4,139,129
Construction in progress	126,629	-	-	126,629
Total assets not being depreciated	4,265,758	-	-	4,265,758
Capital assets being depreciated				
Buildings	3,093,775	5,561	-	3,099,336
Equipment, furniture and fixtures	4,436,307	-	-	4,436,307
Infrastructure	3,667,914	248,154	(460,701)	3,455,367
Total assets being depreciated	11,197,996	253,715	(460,701)	10,991,010
Less accumulated depreciation	(7,992,491)	(419,587)	459,541	(7,952,537)
Total accumulated depreciation	(7,992,491)	(419,587)	459,541	(7,952,537)
Total assets depreciated, net	3,205,505	(165,872)	(1,160)	3,038,473
Governmental activities, net	\$ 7,471,263	\$ (165,872)	\$ (1,160)	\$ 7,304,231
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land and improvements	\$ 1,466,338	\$ -	\$ -	\$ 1,466,338
Construction in progress	21,779	3,012,428	-	3,034,207
Total assets not being depreciated	1,488,117	3,012,428	-	4,500,545
Capital assets being depreciated				
Treatment plants and systems	45,363,888	-	-	45,363,888
Other equipment	813,494	182,295	-	995,789
Total assets being depreciated	46,177,382	182,295	-	46,359,677
Less accumulated depreciation	(18,716,206)	(1,226,579)	-	(19,942,785)
Total accumulated depreciation	(18,716,206)	(1,226,579)	-	(19,942,785)
Total assets depreciated, net	27,461,176	(1,044,284)	-	26,416,892
Business-type activities, net	\$ 28,949,293	\$ 1,968,144	\$ -	\$ 30,917,437

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

<b>Governmental Activities</b>	
General government	\$ 54,752
Public safety	173,594
Transportation	14,290
Physical environment	86,431
Culture and recreation	55,133
Human services	35,387
	\$ 419,587
<b>Business-Type Activities</b>	
Water	\$ 694,551
Sewer	532,028
	\$ 1,226,579

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2023 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Note payable from direct borrowings	\$ 126,000	\$ -	\$ (65,260)	\$ 60,740	\$ 31,903
Revenue bond payable	241,777	-	(5,729)	236,048	5,915
Net pension liability	1,487,273	634,607	(836,580)	1,285,300	-
Total OPEB liability	42,111	6,425	(12,992)	35,544	-
Compensated absences	124,558	127,127	(104,442)	147,243	107,575
Total governmental activities	<u>\$ 2,021,719</u>	<u>\$ 768,159</u>	<u>\$ (1,025,003)</u>	<u>\$ 1,764,875</u>	<u>\$ 145,393</u>
<b>Business-type activities</b>					
Revenue bonds payable	\$ 14,425,000	\$ 2,845,000	\$ (3,100,000)	\$ 14,170,000	\$ 376,000
Notes payable from direct borrowings	118,279	-	(13,430)	104,849	13,796
Net pension liability	726,434	310,030	(408,680)	627,784	-
Total OPEB liability	24,252	3,310	(6,693)	20,869	-
Compensated absences	35,937	23,599	(987)	58,549	1,017
Total business-type activities	<u>\$ 15,329,902</u>	<u>\$ 3,181,939</u>	<u>\$ (3,529,790)</u>	<u>\$ 14,982,051</u>	<u>\$ 390,813</u>

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

**Capital Improvement Revenue Bond - Series 2019**

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

\$ 236,048

**Note Payable**

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

60,740

Total governmental activities

\$ 296,788

**BUSINESS-TYPE ACTIVITIES**

**Revenue Bonds**

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

\$ 11,414,000

Water and Sewer Revenue Refunding Bonds - Series 2022. 2.25% revenue bonds payable, issued to refund Series 2002 and Series 2005 bonds previously issued to finance improvements to the water and sewer system; payment of principal, interest, and reserve account contributions are secured by the net revenues of the water and sewer system; bonds mature serially on September 1, each year until the year 2043.

2,756,000

**Note Payable**

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

104,849

Total business-type activities

\$ 14,274,849

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize all debt outstanding as of September 30, 2023 are outlined in the tables below:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 37,818	\$ 9,414	\$ 47,232
2025	34,945	8,243	43,188
2026	6,306	7,281	13,587
2027	6,511	7,076	13,587
2028	6,723	6,864	13,587
2029-2033	37,037	30,898	67,935
2034-2038	43,459	24,476	67,935
2039-2043	50,996	16,939	67,935
2044-2048	59,838	1,269	61,107
2049	13,155	427	13,582
	<u>\$ 296,788</u>	<u>\$ 112,887</u>	<u>\$ 409,675</u>

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 389,796	\$ 378,644	\$ 768,440
2025	398,173	368,557	766,730
2026	409,560	358,250	767,810
2027	419,957	347,646	767,603
2028	409,365	359,140	768,505
2029-2033	2,159,998	1,629,319	3,789,317
2034-2038	2,403,000	1,352,365	3,755,365
2039-2043	2,814,000	945,158	3,759,158
2044-2048	2,270,000	548,295	2,818,295
2049-2053	2,601,000	218,405	2,819,405
	<u>\$ 14,274,849</u>	<u>\$ 6,505,779</u>	<u>\$ 20,780,628</u>

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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**NOTE 8. PENSION PLANS**

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

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

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

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

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

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Benefits Provided**

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

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

**Contributions**

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The employer's contribution rates for the period October 1, 2022 through June 30, 2023, and July 1, 2023 through September 30, 2023, were as follows: Regular Class 11.91% and 13.57%, Senior Management 31.57% and 34.52%, Special Risk Employee Class 27.83% and 32.67%, Elected Officials 57.00% and 58.68%, and DROP Participants 18.60% and 21.13%.

The City's contributions for the year ended September 30, 2023 were \$159,438 to FRS and \$27,171 to HIS.

**Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2023 the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<b>FRS</b>	<b>HIS</b>
Net pension liability	\$ 1,303,432	\$ 609,651
Proportion at:		
Current measurement date	0.003271111%	0.00383879%
Prior measurement date	0.00454167%	0.00494580%
Pension expense (benefit)	\$ 251,497	\$ 216,883

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

As of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,381	\$ -	\$ 8,925	\$ 1,431
Change of assumptions	84,969	-	16,028	52,828
Net difference between projected and actual earnings on Pension Plan investments	54,435	-	315	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	74,284	292,776	56,460	126,340
City Pension Plan contributions subsequent to the measurement date	43,193	-	8,220	-
Total	<u>\$ 379,262</u>	<u>\$ 292,776</u>	<u>\$ 89,948</u>	<u>\$ 180,599</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	FRS	HIS
2024	\$ 5,900	\$ (17,275)
2025	(2,338)	(10,474)
2026	35,404	(17,427)
2027	3,363	(34,181)
2028	964	(18,106)
Thereafter	-	(1,408)
	<u>\$ 43,293</u>	<u>\$ (98,871)</u>

**Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2023, was determined by an actuarial valuation dated July 1, 2023 using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Actuarial Assumptions (Continued)**

For both plans, the actuarial assumptions used in the valuation dated June 30, 2023 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

**Discount Rate**

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Sensitivity Analysis**

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

	<b>FRS</b>			<b>HIS</b>		
	Current			Current		
	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
City's proportionate share of the net pension liability	\$ 2,226,527	\$ 1,303,432	\$ 531,152	\$ 695,517	\$ 609,651	\$ 538,474

**Pension Plan Fiduciary Net Position**

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

**Payables to the Pension Plan**

At September 30, 2023, the City reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

**B – Firefighters’ Retirement Plan**

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

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

**Basis of Accounting**

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

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

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

**Pension Plan Description**

Name of the pension plan	Retirement Plan for the Firefighters of the City of LaBelle.
Legal plan administrator	Board of Trustees of the Retirement Plan for the Firefighters of the City of LaBelle.
Plan type	Single-employer defined benefit pension plan.
Number of covered individuals	77 (three retired employee or beneficiaries currently receiving benefits; 52 inactive employees entitled to but not yet receiving benefits; 22 active employees).
Contribution requirement	Employer contributions are actuarially determined; employees must contribute 1% of pensionable earnings; employee contribution requirement may be amended by City ordinance, but employer contributions requirement is subject to State minimums.
Pension plan reporting	The Plan issues a stand-alone financial report each year which contains information about the Plan’s fiduciary net position. The Plan’s fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting. The report is available to the public at the Plan’s administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302, (800)342-8112. The financial information is included as a Pension Trust Fund in the City’s financial statements.
Description of the Benefits Provided	
Employees covered	Full-time and volunteer firefighters employed by the City of LaBelle.
Types of benefits offered	Retirement, disability, and pre-retirement death benefits.
Monthly accrued benefit	3% of average final compensation multiplied by credited service.
Early retirement adjustment	Early retirement pension is reduced by 3% for each year by which the early retirement precedes the normal retirement date.

CITY OF LABELLE, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

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

**Pension Plan Description (Continued)**

Disability pension	Larger of monthly accrued benefit or 50% of average final compensation (for service-connected disabilities) Larger of monthly accrued benefit or 25% of average final compensation (for non-service-connected disabilities if the participant has earned at least 10 years of service) Disability benefits are offset as necessary to preclude the total of the disability benefit, worker’s compensation, and other City-provided disability compensation from exceeding average monthly earnings.
Pre-retirement death benefit	Basic pension formula payable for 10 years at early or normal retirement age (payable to the beneficiary of a vested participant) return of accumulated employee contributions (payable to the beneficiary of a non-vested participant).
Normal retirement age	Age 55 with at least 10 years of service, or any age with at least 25 years of service.
Early retirement age	Age 50 with at least 10 years of service.
Vesting requirement	100% vesting after 10 years of service.
Form of payment	Actuarially increased single life annuity 10-year certain and life annuity Actuarially equivalent 50%, 66 2/3%, 75%, or 100% joint and contingent Annuity Any other actuarially equivalent form of payment approved by the Board of Trustees.
Average earnings	Average of the highest 5 years of compensation out of the last 10 years.
Cost-of-living adjustment	None provided.
DROP	A deferred retirement option plan (DROP) is available to those participants who have attained their normal retirement age and individuals may participate in the DROP for up to 60 months; DROP accounts are credited with interest at a flat rate of 6.50% per annum.
Legal authority	The Plan was established effective January 1, 1996, pursuant to City Ordinance and has been amended several times since that date.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Plan Contributions**

Funding for the Plan consists of contributions from members, the State of Florida, and the City. Plan members are required to contribute 1% of their annual covered compensation. The City is required to contribute the remaining amount to fund the Plan based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Plan members during the year. For the fiscal year ended September 30, 2023, the City’s contribution rate averaged 60.05% 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 \$407 for the fiscal year ended September 30, 2023.

**Rate of Return**

For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was estimated to be (8.50%). The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined on a monthly basis.

**Determination of the Long-Term Expected Rate of Return on Plan Assets**

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

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Determination of the Long-Term Expected Rate of Return on Plan Assets (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension’s target asset allocation as of September 30, 2023 are summarized in the following table:

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and the City contributions will be made a rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Net Pension Asset**

The components of the net pension asset of the City as of September 30, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a-b)
<b>Balances at September 30, 2022</b>	\$ 936,557	\$ 2,042,329	\$(1,105,772)
<b>Changes for the year:</b>			
Service cost	51,949	-	51,949
Interest	56,028	-	56,028
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Benefit payments and refunds	(26,809)	(26,809)	-
Contributions - employer and state	-	120,910	(120,910)
Contributions - participants	-	4,979	(4,979)
Net investment income	-	173,528	(173,528)
Administrative expenses	-	(5,426)	5,426
<b>Net change</b>	<u>81,168</u>	<u>267,182</u>	<u>(186,014)</u>
<b>Balances at September 30, 2023</b>	<u>\$ 1,017,725</u>	<u>\$ 2,309,511</u>	<u>\$(1,291,786)</u>

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Net Pension Asset (Continued)**

Total pension liability	\$ 1,017,725
Plan fiduciary net position	<u>(2,309,511)</u>
City’s net pension liability (asset)	<u>\$ (1,291,786)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	226.93%

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City’s Net Pension Liability (Asset)	\$ (1,130,726)	\$ (1,291,786)	\$ (1,422,024)

At September 30, 2023, the City reported a net pension asset of \$1,291,786 for the Firefighters’ Retirement Plan. The asset was measured as of September 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of October 1, 2021. The City’s net pension asset was based on a projection of the pension plan relative to the projected contributions during the fiscal year ended September 30, 2023.

For the fiscal year ended September 30, 2023, the City recognized pension expense (benefit) of (\$1,448). In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 16,541	\$ 97,361
Change of assumptions	13,361	14,846
Net difference between projected and actual earnings on Plan investments	121,647	-
Total	<u>\$ 151,549</u>	<u>\$ 112,207</u>

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

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

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

Year ended September 30,	
2024	\$ (13,373)
2025	(16,088)
2026	(70,180)
2027	20,167
2028	10,543
Thereafter	29,589
Total	<u>\$ (39,342)</u>

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

Inflation	None
Salary increases	4.00%
Discount rate	7.00%
Investment rate of return	7.00%
Actuarial valuation date	10/1/2021

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

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

	<b>Pension Trust Fund</b>	<b>FRS Pension</b>	<b>HIS Pension</b>	<b>Total</b>
City's net pension liability	\$ -	\$ 1,303,432	\$ 609,651	\$ 1,913,083
City's net pension asset	(1,291,786)	-	-	(1,291,786)
Deferred outflows of resources	151,549	379,262	89,948	620,759
Deferred inflows of resources	112,207	292,776	180,599	585,582
Pension expense	(1,448)	251,497	216,883	466,932

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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**NOTE 9. DEFERRED COMPENSATION PLAN**

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

**NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION**

**Plan Description**

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

**Benefits Provided**

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

**Employees Covered by Benefit Terms**

At September 30, 2023, the following employees were covered by the benefit terms:

Active participants	25
Retirees, beneficiaries, and disabled members	6
Covered spouses	-
Total	<u><u>31</u></u>

**Total OPEB Liability of the City**

The City's total OPEB liability was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2023.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**Actuarial Assumptions**

The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Discount rate	4.87%
Salary increase	2.50%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	51

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

**Discount Rate**

Given the City’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**Changes in the Total OPEB Liability of the City**

The changes in the total OPEB liability of the City for the year ended September 30, 2023 were as follows:

	Total OPEB Liability
Balances at September 30, 2022	\$ 66,363
Changes for the year:	
Service cost	3,696
Interest on the total OPEB liability	3,208
Expected and actual experience differences	2,831
Changes in assumptions and other inputs	(13,980)
Benefit payments	(5,705)
Net changes	(9,950)
Balances at September 30, 2023	\$ 56,413

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

Changes of assumptions reflect a change in the discount rate from 4.77% for the fiscal year ending September 30, 2022 to 4.87% for the fiscal year ending September 30, 2023. Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

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

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

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

	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB liability	\$ 61,221	\$ 56,413	\$ 52,228

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

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

	1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rate 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB liability	\$ 51,969	\$ 56,413	\$ 61,624

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2023, and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended September 30, 2023, the City recognized OPEB expense (benefit) of (\$80). At September 30, 2023, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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**NOTE 11. COMMITMENTS AND CONTINGENCIES**

**Grants and Assistance**

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

**Litigation**

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

**Interlocal Agreements**

The City has entered into written agreements with Hendry County to provide fire protection and animal control services to the western part of Hendry County. The duration of the interlocal agreements is effectively continuous until terminated by either party. The City agrees to operate the fire and animal control departments and provide fire protection and animal control services in the area covered by the agreements. The City prepares annual joint budgets to be approved by the City and County. The joint budgets are submitted to the City and County before August 1. The interlocal agreement for the fire department was temporarily terminated during August 2006. On December 14, 2006, the City and County signed a new interlocal agreement for joint operation and funding of the fire department. Under the agreement, the County pays for its percentage of fire calls during the previous five-year period. The agreement includes allocating a percentage of expenditures based on the origin of fire calls. The County provided 67.3% of the jointly approved budget for the fire department for the fiscal year ended September 30, 2023. 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, 2023. The expenditures of the fire department and animal control department will be audited annually to determine the actual expenses during the immediate preceding fiscal year. If there is a deficit, each party will contribute proportionally to make up the deficit and if there is an overage, each party will receive a proportional refund. A schedule to determine compliance with the interlocal agreements is included in the supplemental schedules to the financial statements.

**CITY OF LABELLE, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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**NOTE 12. RISK MANAGEMENT**

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

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

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

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

**NOTE 14. RELATED PARTY TRANSACTIONS**

During the year ended September 30, 2023, the City paid Spratt & Associates, LLC a total of \$50,000 for professional services rendered. This vendor is related to a Commissioner of the City. The City's policies require Commissioners to recuse themselves from any matter involving a related party.

**NOTE 14. SUBSEQUENT EVENT**

The City has evaluated all subsequent events through January 8, 2025, the date the financial statements were available to be issued. On April 24, 2024, the City obtained a loan of \$387,765 to finance the purchase of a firetruck. Effective November 1, 2024, the City imposed a 50% increase to water and wastewater utility rates to better cover the cost of operations and to ensure an adequate reserve to fund facility maintenance and repairs. This was the first increase in rates imposed by the City since 2019 and 2020. The amount of the increase is based on recommendations from a rate study and the City's capital improvement plan. The City is continuing to apply for, and receive, grants and state appropriations for capital improvements to the utility infrastructure.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LABELLE, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,358,027	\$ 3,358,027	\$ 3,671,953	\$ 313,926
Other taxes	-	-	26,364	26,364
Licenses and permits	437,500	437,500	702,258	264,758
Intergovernmental revenues	430,500	430,500	1,245,455	814,955
Charges for services	863,609	863,609	905,825	42,216
Fines and forfeitures	35,000	35,000	45,885	10,885
Investment earnings	3,500	3,500	26,911	23,411
Miscellaneous revenues	45,950	45,950	36,331	(9,619)
Total revenues	<u>5,174,086</u>	<u>5,174,086</u>	<u>6,660,982</u>	<u>1,486,896</u>
<b>Expenditures</b>				
Current				
General government	1,571,930	1,571,930	1,657,666	(85,736)
Public safety	1,980,543	1,980,543	1,956,212	24,331
Transportation	1,265,183	1,265,183	1,313,981	(48,798)
Physical environment	21,600	21,600	8,791	12,809
Culture and recreation	315,618	315,618	356,319	(40,701)
Human services	225,816	225,816	266,936	(41,120)
Debt service				
Principal retirement	-	-	70,989	(70,989)
Interest	8,145	8,145	11,243	(3,098)
Capital outlay	445,000	445,000	249,004	195,996
Total expenditures	<u>5,833,835</u>	<u>5,833,835</u>	<u>5,891,141</u>	<u>(57,306)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(659,749)</u>	<u>(659,749)</u>	<u>769,841</u>	<u>1,429,590</u>
<b>Other financing sources</b>				
Prior year balance carryforward	660,000	660,000	-	(660,000)
Total other financing sources	<u>660,000</u>	<u>660,000</u>	<u>-</u>	<u>(660,000)</u>
<b>Change in fund balance</b>	251	251	769,841	769,590
<b>Fund balance, beginning of year</b>	<u>4,574,977</u>	<u>4,574,977</u>	<u>4,574,977</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,575,228</u>	<u>\$ 4,575,228</u>	<u>\$ 5,344,818</u>	<u>\$ 769,590</u>

**CITY OF LABELLE, FLORIDA**

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

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
City's proportion of the FRS net pension liability	0.0032711%	0.0045417%	0.0043718%	0.0043626%	0.0040202%
City's proportionate share of the FRS net pension liability	\$ 1,303,432	\$ 1,689,868	\$ 330,237	\$ 1,890,526	\$ 1,384,184
City's covered payroll	\$ 1,541,413	\$ 1,827,050	\$ 1,498,168	\$ 1,554,226	\$ 1,563,625
City's proportionate share of the pension liability as a percentage of its covered payroll	84.56%	92.49%	22.04%	121.64%	88.52%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	82.38%	82.89%	96.40%	78.85%	83.27%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the FRS net pension liability	0.0038568%	0.0031426%	0.0030582%	0.003188532%	0.003087447%
City's proportionate share of the FRS net pension liability	\$ 1,161,363	\$ 929,552	\$ 772,210	\$ 411,842	\$ 188,380
City's covered payroll	\$ 1,483,044	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
City's proportionate share of the pension liability as a percentage of its covered payroll	78.31%	62.56%	53.45%	30.84%	13.85%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.25%	83.89%	84.88%	92.00%	96.09%

**CITY OF LABELLE, FLORIDA**

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

Reporting period ending	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Contractually required FRS contribution	\$ 159,438	\$ 162,508	\$ 193,499	\$ 221,618	\$ 192,566
FRS contributions in relation to the contractually required FRS contribution	159,438	162,508	193,499	221,618	192,566
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,568,529	\$ 1,429,999	\$ 1,877,539	\$ 1,554,226	\$ 1,563,625
FRS contributions as a percentage of covered payroll	10.16%	11.36%	10.31%	14.26%	12.32%

  

Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required FRS contribution	\$ 178,536	\$ 146,402	\$ 136,886	\$ 131,817	\$ 129,288
FRS contributions in relation to the contractually required FRS contribution	178,536	146,402	136,886	131,817	129,288
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,483,044	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
FRS contributions as a percentage of covered payroll	12.04%	9.85%	9.47%	9.87%	9.50%

**CITY OF LABELLE, FLORIDA**

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

Reporting period ending Measurement date	<u>9/30/2023</u> <u>6/30/2023</u>	<u>9/30/2022</u> <u>6/30/2022</u>	<u>9/30/2021</u> <u>6/30/2021</u>	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
City's proportion of the HIS net pension liability	0.003838788%	0.004945794%	0.004231866%	0.004467684%	0.004584439%
City's proportionate share of the HIS net pension liability	\$ 609,651	\$ 523,839	\$ 519,102	\$ 545,497	\$ 512,953
City's covered payroll	\$ 1,541,413	\$ 1,827,050	\$ 1,498,168	\$ 1,554,226	\$ 1,563,625
City's proportionate share of the pension liability as a percentage of its covered payroll	39.55%	28.67%	34.65%	35.10%	32.81%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%
Reporting period ending Measurement date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
City's proportion of the HIS net pension liability	0.004626800%	0.004607121%	0.004525607%	0.004418111%	0.004582470%
City's proportionate share of the HIS net pension liability	\$ 489,706	\$ 492,615	\$ 527,441	\$ 450,578	\$ 428,472
City's covered payroll	\$ 1,483,044	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
City's proportionate share of the pension liability as a percentage of its covered payroll	33.02%	33.15%	36.51%	33.74%	31.49%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

**CITY OF LABELLE, FLORIDA**

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

Reporting period ending	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Contractually required HIS contribution	\$ 27,171	\$ 23,498	\$ 30,978	\$ 25,800	\$ 25,956
HIS contributions in relation to the contractually required HIS contribution	<u>27,171</u>	<u>23,498</u>	<u>30,978</u>	<u>25,800</u>	<u>25,956</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,568,529	\$ 1,429,999	\$ 1,877,539	\$ 1,554,226	\$ 1,563,625
HIS contributions as a percentage of covered payroll	1.73%	1.64%	1.65%	1.66%	1.66%

  

Reporting period ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Contractually required HIS contribution	\$ 24,619	\$ 24,666	\$ 23,982	\$ 18,154	\$ 16,530
HIS contributions in relation to the contractually required HIS contribution	<u>24,619</u>	<u>24,666</u>	<u>23,982</u>	<u>18,154</u>	<u>16,530</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,483,044	\$ 1,485,889	\$ 1,444,732	\$ 1,335,290	\$ 1,360,600
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.36%	1.21%

CITY OF LABELLE, FLORIDA

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

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
<b>Total pension liability</b>									
Service cost	\$ 19,886	\$ 19,886	\$ 40,365	\$ 43,651	\$ 43,651	\$ 37,263	\$ 40,700	\$ 51,949	\$ 51,949
Interest on total pension liability	23,568	26,429	30,766	48,972	57,432	62,931	63,384	61,806	56,028
Differences between expected and actual experience	-	-	168,999	28,397	-	(94,802)	(16,329)	-	-
Changes in assumptions	-	-	27,088	-	-	-	(19,343)	(2,383)	-
Benefit payments, including refunds of member contributions	(5,056)	-	-	(1,471)	(8,383)	(2,942)	(102,058)	(27,078)	(26,809)
<b>Net change in total pension liability</b>	<b>38,398</b>	<b>46,315</b>	<b>267,218</b>	<b>119,549</b>	<b>92,700</b>	<b>2,450</b>	<b>(33,646)</b>	<b>84,294</b>	<b>81,168</b>
<b>Total pension liability - beginning</b>	<b>319,279</b>	<b>357,677</b>	<b>403,992</b>	<b>671,210</b>	<b>790,759</b>	<b>883,459</b>	<b>885,909</b>	<b>852,263</b>	<b>936,557</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 357,677</b>	<b>\$ 403,992</b>	<b>\$ 671,210</b>	<b>\$ 790,759</b>	<b>\$ 883,459</b>	<b>\$ 885,909</b>	<b>\$ 852,263</b>	<b>\$ 936,557</b>	<b>\$ 1,017,725</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 26,824	\$ 28,973	\$ 34,725	\$ 39,936	\$ 42,586	\$ 48,744	\$ 55,673	\$ 72,295	\$ 120,910
Contributions - employee	1,350	1,527	1,940	2,428	1,599	1,586	1,928	2,342	4,979
Net investment income	(982)	99,392	181,230	117,008	93,683	122,400	684,866	(309,184)	173,528
Benefit payments, including refunds of employee contributions	-	-	-	(1,471)	(2,942)	(2,942)	(102,058)	(27,078)	(26,809)
Administrative expenses	(3,448)	(3,503)	(15,697)	(13,472)	(5,735)	(15,245)	(13,652)	(16,081)	(5,426)
<b>Net change in plan fiduciary net position</b>	<b>23,744</b>	<b>126,389</b>	<b>202,198</b>	<b>144,429</b>	<b>129,191</b>	<b>154,543</b>	<b>626,757</b>	<b>(277,706)</b>	<b>267,182</b>
<b>Plan fiduciary net position - beginning</b>	<b>912,784</b>	<b>936,528</b>	<b>1,062,917</b>	<b>1,265,115</b>	<b>1,409,544</b>	<b>1,538,735</b>	<b>1,693,278</b>	<b>2,320,035</b>	<b>2,042,329</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 936,528</b>	<b>\$ 1,062,917</b>	<b>\$ 1,265,115</b>	<b>\$ 1,409,544</b>	<b>\$ 1,538,735</b>	<b>\$ 1,693,278</b>	<b>\$ 2,320,035</b>	<b>\$ 2,042,329</b>	<b>\$ 2,309,511</b>
<b>City's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (578,851)</b>	<b>\$ (658,925)</b>	<b>\$ (593,905)</b>	<b>\$ (618,785)</b>	<b>\$ (655,276)</b>	<b>\$ (807,369)</b>	<b>\$ (1,467,772)</b>	<b>\$ (1,105,772)</b>	<b>\$ (1,291,786)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	261.84%	263.10%	188.48%	178.25%	174.17%	191.13%	272.22%	218.07%	226.93%
<b>Covered payroll</b>	\$ 136,761	\$ 136,761	\$ 151,296	\$ 173,465	\$ 173,465	\$ 143,707	\$ 162,173	\$ 201,346	\$ 201,346
<b>City's net pension liability as a percentage of covered payroll</b>	-423.26%	-481.81%	-392.55%	-356.72%	-377.76%	-561.82%	-905.07%	-549.19%	-641.58%

Notes to the Schedule:

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

CITY OF LABELLE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
PENSION TRUST FUND

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
Actuarially determined contribution	\$ 22,172	\$ -	\$ -	\$ 43,659	\$ 58,721	\$ 38,682	\$ 23,039	\$ 23,868	\$ 12,646	\$ 26,900
Contributions in relation to the actuarially determined contribution	26,587	26,824	28,973	34,725	39,936	42,586	48,744	57,025	56,651	120,910
Contribution deficiency (excess)	<u>\$ (4,415)</u>	<u>\$ (26,824)</u>	<u>\$ (28,973)</u>	<u>\$ 8,934</u>	<u>\$ 18,785</u>	<u>\$ (3,904)</u>	<u>\$ (25,705)</u>	<u>\$ (33,157)</u>	<u>\$ (44,005)</u>	<u>\$ (94,010)</u>
Covered payroll	\$131,000	\$136,761	\$ 136,761	\$ 151,296	\$ 173,465	\$ 173,465	\$ 143,707	\$ 162,173	\$ 201,346	\$ 201,346
Contributions as a percentage of covered payroll	20.30%	19.61%	21.19%	22.95%	23.02%	24.55%	33.92%	35.16%	28.14%	60.05%

Notes to the Schedule:

Valuation date: October 1, 2021  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Discount rate: 7.00% per annum (2.62% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.  
Salary increases: 4.0% per annum  
Cost-of-living increases: None assumed

Mortality: For non-retired participants, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year (pre-retirement mortality); for non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018 .

Retirement: Retirement is assumed to occur at normal retirement age.  
Other decrements: None assumed  
Non-investment expenses: Liabilities have been loaded by 16.50% 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 were changed since the prior measurement date.

CITY OF LABELLE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION INVESTMENT RETURNS  
PENSION TRUST FUND

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	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>
Pension Trust Fund: Annual money-weighted rate of return, net of investment expenses	8.42%	-0.08%	8.11%	13.38%	7.47%	5.45%	6.62%	19.44%	-13.33%	8.50%

CITY OF LABELLE, FLORIDA

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

Measurement year ended September 30,	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 3,696	\$ 5,071	\$ 7,115	\$ 5,682	\$ 10,337	\$ 11,013
Interest on the total OPEB liability	3,208	2,029	2,981	4,246	9,985	8,973
Differences between expected and actual experience	2,831	-	(58,135)	-	(67,087)	-
Changes of assumptions	(13,980)	(16,498)	1,509	18,218	(58,746)	(15,831)
Benefit payments	(5,705)	(5,307)	(9,188)	(8,547)	(11,560)	(10,654)
<b>Net change in total OPEB liability</b>	<b>(9,950)</b>	<b>(14,705)</b>	<b>(55,718)</b>	<b>19,599</b>	<b>(117,071)</b>	<b>(6,499)</b>
<b>Total OPEB liability - beginning</b>	<b>66,363</b>	<b>81,068</b>	<b>136,786</b>	<b>117,187</b>	<b>234,258</b>	<b>240,757</b>
<b>Total OPEB liability - ending</b>	<b>\$ 56,413</b>	<b>\$ 66,363</b>	<b>\$ 81,068</b>	<b>\$ 136,786</b>	<b>\$ 117,187</b>	<b>\$ 234,258</b>
<b>Covered-employee payroll</b>	<b>\$ 827,139</b>	<b>\$ 928,731</b>	<b>\$ 906,079</b>	<b>\$ 1,299,888</b>	<b>\$ 1,268,184</b>	<b>\$ 1,578,737</b>
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	<b>6.82%</b>	<b>7.15%</b>	<b>8.95%</b>	<b>10.52%</b>	<b>9.24%</b>	<b>14.84%</b>

**Notes to the Schedule:**

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

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

Fiscal Year Ending September 30, 2023:	4.87%
Fiscal Year Ending September 30, 2022:	4.77%
Fiscal Year Ending September 30, 2021:	2.42%

There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

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## **OTHER SUPPLEMENTARY INFORMATION**

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**CITY OF LABELLE, FLORIDA**

**SCHEDULE TO DETERMINE COMPLIANCE WITH INTERLOCAL  
FIRE PROTECTION AND ANIMAL CONTROL AGREEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Departmental expenditures of revenues, expenditures, and changes in fund balances of governmental funds	<u>Fire Protection</u>	<u>Animal Control</u>
Expenditures - current	\$ 956,411	\$ 309,115
Expenditures - debt service (fire trucks)	<u>68,645</u>	<u>-</u>
Total departmental expenditures	1,025,056	309,115
Hendry County's percentage of net department expenditures per agreement	67.33%	50.00%
Portion of fire department expenditures to be paid by Hendry County	690,170	154,558
Total previously received from Hendry County for services	<u>691,909</u>	<u>107,515</u>
Amount due from (to) Hendry County for the fiscal year ended September 30, 2023	<u>\$ (1,739)</u>	<u>\$ 47,043</u>

**CITY OF LABELLE, FLORIDA**

**COMBINING SCHEDULE OF REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES  
UTILITY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Water System</u>	<u>Sewer System</u>	<u>Solid Waste</u>	<u>Totals</u>
<b>Operating revenues</b>				
Charges for services	\$ 2,409,896	\$ 1,003,711	\$ 1,343,529	\$ 4,757,136
Total operating revenues	<u>2,409,896</u>	<u>1,003,711</u>	<u>1,343,529</u>	<u>4,757,136</u>
<b>Operating expenses</b>				
Administrative	748,925	321,074	-	1,069,999
Treatment plants	1,211,283	-	-	1,211,283
Water distribution	493,064	-	-	493,064
Wastewater collection	-	1,130,630	-	1,130,630
Sanitation fees	-	-	1,327,587	1,327,587
Depreciation	694,551	532,028	-	1,226,579
Total operating expenses	<u>3,147,823</u>	<u>1,983,732</u>	<u>1,327,587</u>	<u>6,459,142</u>
<b>Operating income (loss)</b>	<u>(737,927)</u>	<u>(980,021)</u>	<u>15,942</u>	<u>(1,702,006)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	12,374	5,550	304	18,228
Interest expense	<u>(317,870)</u>	<u>(79,721)</u>	<u>-</u>	<u>(397,591)</u>
Total nonoperating revenues (expenses)	<u>(305,496)</u>	<u>(74,171)</u>	<u>304</u>	<u>(379,363)</u>
(Loss) before capital contributions	(1,043,423)	(1,054,192)	16,246	(2,081,369)
<b>Capital contributions</b>	<u>251,046</u>	<u>3,275,395</u>	<u>-</u>	<u>3,526,441</u>
<b>Change in net position</b>	<u>\$ (792,377)</u>	<u>\$ 2,221,203</u>	<u>\$ 16,246</u>	<u>\$ 1,445,072</u>

## **OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaBelle, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2023-001 that we consider to be a material weaknesses.

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

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

## **City's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of LaBelle, Florida's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of LaBelle, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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



Bradenton, Florida  
January 9, 2025



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

### **Report on Compliance for Each Major State Project**

#### ***Opinion on Each Major State Project***

We have audited the City of LaBelle, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state financial assistance project for the year ended September 30, 2023. The City's major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended September 30, 2023.

#### ***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state financial assistance projects.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
January 9, 2025

**CITY OF LABELLE, FLORIDA**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	CSFA Number	Grant ID Number	Actual Expenditures
<b>State Projects</b>			
Florida Department of Environmental Protection			
Statewide Water Quality Restoration	37.039	DEP LPA0312 - Master Plans	\$ 750,610
Statewide Water Quality Restoration	37.039	DEP LPA0313 - Emergency Upgrades	321,750
Statewide Water Quality Restoration	37.039	DEP LPA0313 - Headworks	174,707
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPQ0002 - Zone A	1,837,821
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPQ0003 - Zone B	84,999
Total Florida Department of Environmental Protection			<u>3,169,887</u>
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 3,169,887</u></u>

**Notes to the Schedule**

The above schedule is presented using the modified accrual basis of accounting and is presented in accordance with Chapter 10.550, Rules of the Auditor General. As such, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weaknesses identified?  X  yes   no

Significant deficiencies identified not considered to be material weaknesses?   yes  X  no

Noncompliance material to financial statements noted?   yes  X  no

**Federal Programs**

A Federal Single Audit was not required as the City did not expend greater than \$750,000 of federal funds during the year ended September 30, 2023.

**State Financial Assistance Projects**

Internal control over major state financial assistance projects:  
Material weaknesses identified?   yes  X  no

Significant deficiencies identified not considered to be material weaknesses?   yes  X  none reported

Type of auditor's report issued on compliance for major state financial assistance projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550 Rules of the Auditor General?   yes  X  no

Identification of major state financial assistance projects:

CSFA Number  
37.039

Name of State Project  
Statewide Water Quality Restoration Projects

Dollar threshold used to distinguish between Type A and Type B federal and state programs: \$750,000

Auditee qualified as low-risk auditee?   yes  X  no

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES

**2023-001. Year-End Close – Material Weakness**

**Criteria:** Internal controls should be in place to support effective and efficient processing of transactions to support a financial reporting framework that provides decision makers with the ability to make timely decisions.

**Condition:** There were significant delays in completing the 2023 audit due to the City needing additional time to complete their year-end reconciliations.

**Context:** Per discussions with management, there was a transition at the Finance Director position that led to delays in the audit process.

**Effect:** The City's annual financial statement audit was not completed by the June 30, 2024 due date per Section 163.387(8), Florida Statutes.

**Recommendation:** We recommend the City implement internal controls to ensure that the year-end close is completed in a timely manner to allow for the annual financial statement audit to be completed in accordance with Section 163.387(8), Florida Statutes.

SECTION III  
FEDERAL/STATE AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF LABELLE, FLORIDA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

**Criteria:** Internal controls should be in place to support effective and efficient processing of transactions to support a financial reporting framework that provides decision makers with the ability to make timely decisions. As part of the audit process, we noted the City improperly recorded accounts payable and accrued payroll balances as of September 30, 2022.

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

**Auditee Response/Status:** Resolved.

**2022-002 Due From Other Governments – Material Weakness**

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

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

**Auditee Response/Status:** Resolved.

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

### **Report on the Financial Statements**

We have audited the financial statements of the City of LaBelle, Florida (the "City"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated January 9, 2025.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated January 9, 2025, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding 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. This information is disclosed within the City's footnotes.

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## **Financial Condition and Management**

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

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

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

## **Special District Component Units**

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

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
January 9, 2025



## INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of LaBelle, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
January 9, 2025

*Hugo Vargas*  
Commissioner

*Daniel W. Akin*  
Commissioner



*"The City of Oaks"*

*Julie C. Wilkins*  
Mayor

*Jackie Ratica*  
Commissioner

*Bobbie Spratt*  
Commissioner

## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE fiscal YEAR ENDED SEPTEMBER 30, 2023

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### 2023 – 001 Year-End Close

**Name of Contact Person Responsible for Corrective Action Plan:** Julie Wilkins, Mayor; Lilly Davenport, Finance Director.

**Management Response:** The prior Finance Director submitted notice of her resignation on April 1, 2024, and moved out of state shortly thereafter. Although she worked remotely through July 4, 2024, the Finance Director at that time was unable to correct errors related to posting audit adjustments for FY2022 or to complete the required reconciliations, year-end adjustments, or audit schedules for FY2023. The City was unsuccessful in hiring a replacement until a consultant was contracted June 17th. The City Commission was informed of the errors and delays in completing the audit.

**Corrective Action Plan:** Management will implement a process to ensure the City complies with the filing deadline in accordance with Section 163.387(8), Florida Statutes. This includes, but is not limited to, the following internal controls:

1. Ensure that finance personnel possess suitable skill, knowledge, and experience to perform their duties and to obtain professional assistance as needed to ensure timely and accurate financial reporting.
2. Complete year-end reconciliations and audit schedules within four months, but no later than six months, of year-end to allow ample time for audit fieldwork and reporting.
3. Post and reconcile audit adjustments, if any, upon completion of the audit and reconcile them to the audited trial balance. Correct any variances between the adjusted trial balance and the audited trial balance.

**Anticipated Completion Date:** Fiscal year 2024 audit.