

HENDRY-LABELLE RECREATION BOARD

Annual Financial Report

September 30, 2019

HENDRY-LABELLE RECREATION BOARD
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September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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Honorable Board of Commissioners
Hendry-LaBelle Recreation Board
LaBelle, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Hendry-LaBelle Recreation Board, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Hendry-LaBelle Recreation Board, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and budgetary comparison information on pages 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of Hendry-LaBelle Recreation Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hendry-LaBelle Recreation Board'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 Hendry-LaBelle Recreation Board's internal control over financial reporting and compliance.

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

LaBelle, Florida
February 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Hendry-LaBelle Recreation Board (Board) provides a narrative overview of the Board's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the Board's Independent Auditor's Report, basic financial statements, accompanying notes, and supplementary information to the basic financial statements.

The Board was created by an interlocal agreement dated October 1, 1990, between Hendry County and the City of LaBelle. The Board has five members who are authorized to administer the recreational programs for the residents of western Hendry County and the City of LaBelle. The Board consists of two City Commissioners, two County Commissioners, and a designee from the Hendry County School Board.

The Board operates under the joint funding from the City and County. Each party has agreed to levy and collect special assessments from residents within the area of service. All lands and real property owned or leased in conjunction with the programs and the facilities operated by the Board shall be owned by the City of LaBelle or Hendry County or both rather than the Board.

FINANCIAL AND BOARD HIGHLIGHTS

Financial Highlights

- The assets of the Board exceeded its liabilities at the end of the fiscal year ended September 30, 2019, by \$1,366,386. Of this amount, \$547,652 (unrestricted net position) may be used to meet the Board's ongoing operations.
- The Board's total net position increased by \$98,008.
- The Board's total revenue (on an accrual basis) was \$796,739 for the year ended September 30, 2019.
- Total expenses (on an accrual basis) for all of the Board's activities were \$698,731 for the year ended September 30, 2019.

Board Highlights

- The Board has continued to make significant improvements to the community parks.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Board's financial statements. The Board's basic financial statements are comprised of 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 Board's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 Board is improving or deteriorating.

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Government-Wide Financial Statements (continued)

The statement of activities presents information showing how the Board'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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The Board does not have any business-type activities. The governmental activities of the Board include the general government (management) and recreational functions.

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 Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board has one fund category: governmental 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 the Board's near-term financial 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 Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. (See pages 11 and 13)

The Board maintains one governmental fund for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund.

The Board adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget. (See page 23)

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets exceeded liabilities by \$1,366,386 for the fiscal year ended September 30, 2019. The largest assets include investments, due from other governments and capital assets which are approximately 6.6%, 36.4% and 57.0% of the Board's total assets, respectively.

The Board uses capital assets to provide services to its recreational programs participants, therefore these assets are not available for future spending. The remaining unrestricted net position of \$547,652 may be used to meet the Board's ongoing operations.

The following table highlights the net position as of September 30, 2019, and 2018:

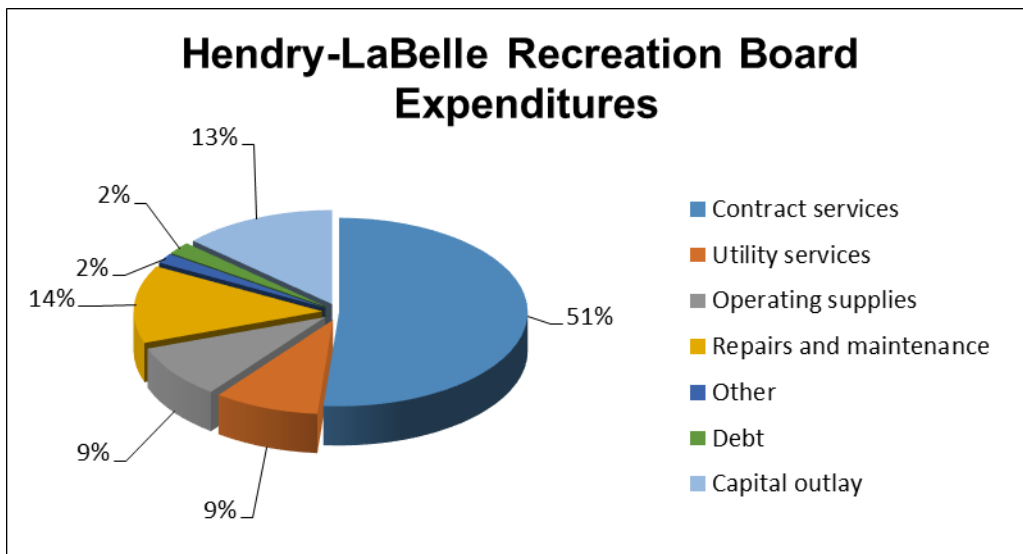
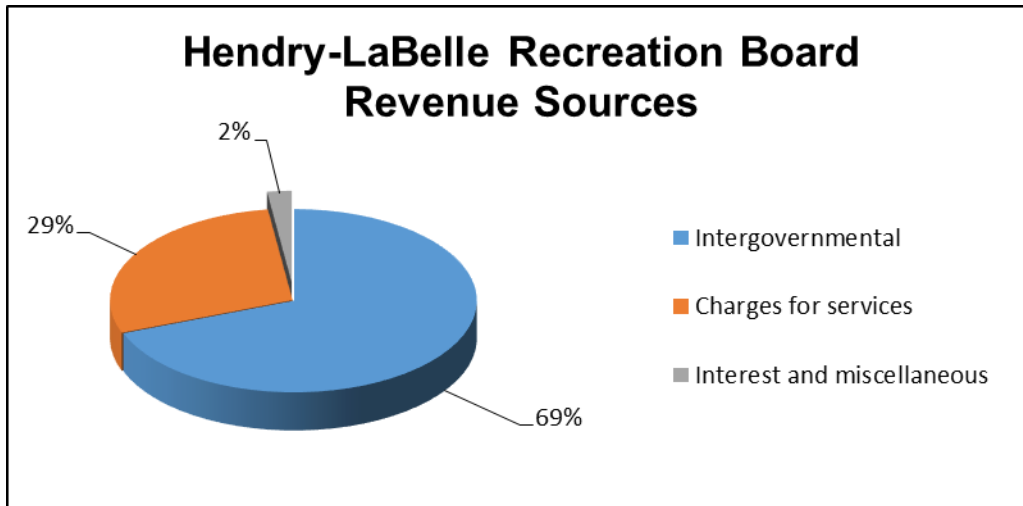
	<u>2019</u>	<u>2018</u>
Investments	\$ 97,671	\$ 614,833
Accounts receivable	167	-
Due from other governments	541,552	-
Capital assets	<u>847,733</u>	<u>821,642</u>
Total assets	<u>1,487,123</u>	<u>1,436,475</u>
Current liabilities	78,808	120,013
Noncurrent liabilities	<u>41,929</u>	<u>48,084</u>
Total liabilities	<u>120,737</u>	<u>168,097</u>
Net position		
Invested in capital assets, net of related debt	818,734	778,200
Unrestricted	<u>547,652</u>	<u>490,178</u>
Total net position	<u>\$ 1,366,386</u>	<u>\$ 1,268,378</u>

The following table highlights the changes in net position for the fiscal years ended September 30, 2019, and 2018:

	<u>2019</u>	<u>2018</u>
Revenues		
Intergovernmental	\$ 551,440	\$ 500,000
Charges for services	228,069	251,439
Miscellaneous income	14,722	30,319
Interest income	<u>2,508</u>	<u>2,674</u>
Total revenues	<u>796,739</u>	<u>784,432</u>
Program expenses		
Culture and recreation	<u>698,731</u>	<u>662,152</u>
Total expenses	<u>698,731</u>	<u>662,152</u>
Increase in net position	98,008	122,280
Net position, beginning of year	<u>1,268,378</u>	<u>1,146,098</u>
Net position, end of year	<u>\$ 1,366,386</u>	<u>\$ 1,268,378</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following graphs represent the sources of revenues and expenses for the fiscal year:



BUDGETARY HIGHLIGHTS

The Board adopted the fiscal year 2018/2019 budget with similar initial funding as the prior fiscal year. Total expenditures budgeted for the fiscal year ended September 30, 2019, were \$784,012. Total revenue budgeted was \$787,512.

Total actual expenditures were \$53,353 under budgeted expenditures. This was mainly due to the following:

- Actual expenditures for capital outlay were less than the amount anticipated at the time the budget was prepared.

BUDGETARY HIGHLIGHTS (continued)

Total actual revenues were \$9,228 over the budgeted revenues. Additional budget comparison information is presented on page 23.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Board's investment in capital assets for its governmental activities as of September 30, 2019, amounted to \$847,733 (net of accumulated depreciation). During the fiscal year, the Board made capital asset purchases of \$96,739.

The following table summarizes the Board's capital assets, net of accumulated depreciation, for the fiscal years ended September 30, 2019, and 2018:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 44,815	\$ 35,508
Improvements other than buildings	265,826	271,734
Machinery and equipment	<u>537,092</u>	<u>514,400</u>
Total capital assets, September 30,	<u>\$ 847,733</u>	<u>\$ 821,642</u>

Debt Administration

The following table presents the Board's total outstanding debt for the fiscal years ended September 30, 2019, and 2018:

	<u>2019</u>	<u>2018</u>
Accounts payable and accrued expenses	\$ 64,122	\$ 105,646
Compensated absences	27,616	19,009
Note payable – bank	<u>28,999</u>	<u>43,442</u>
Total outstanding debt, September 30,	<u>\$ 120,737</u>	<u>\$ 168,097</u>

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ramiro Rodriguez, the Board's Director, P.O. Box 1760, LaBelle, Florida 33975, Telephone No. (863) 675-5347.

HENDRY-LABELLE RECREATION BOARD

Statement of Net Position

September 30, 2019

	<u>Governmental Activities</u>
Assets	
Investments	\$ 97,671
Accounts receivable	167
Due from other governments	541,552
Other capital assets, net of accumulated depreciation	<u>847,733</u>
Total assets	<u>1,487,123</u>
Liabilities	
Accounts payable	64,122
Compensated absences	27,616
Current portion of note payable	14,686
Due in more than one year	<u>14,313</u>
Total liabilities	<u>120,737</u>
Net position	
Invested in capital assets, net of related debt	818,734
Unrestricted	<u>547,652</u>
Total net position	<u>\$ 1,366,386</u>

See notes to the financial statements.

HENDRY-LABELLE RECREATION BOARD

Statement of Activities

For the Year Ended September 30, 2019

<u>Functions/Programs</u>	<u>Program Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Governmental Activities</u>
Governmental activities			
Culture and recreation	<u>\$ 698,731</u>	<u>\$ 779,509</u>	<u>\$ 80,778</u>
Total governmental activities	<u>\$ 698,731</u>	<u>\$ 779,509</u>	<u>80,778</u>

General revenues:	
Investment earnings	2,508
Miscellaneous income	<u>14,722</u>
Total general revenues	<u>17,230</u>
Change in net position	98,008
Net position - beginning of year	<u>1,268,378</u>
Net position - end of year	<u>\$ 1,366,386</u>

See notes to the financial statements.

HENDRY-LABELLE RECREATION BOARD

Balance Sheet
Governmental Funds
September 30, 2019

	<u>General Fund</u>
Assets	
Investments	\$ 97,671
Accounts receivable	\$ 167
Due from other governments	<u>541,552</u>
Total assets	<u>\$ 639,390</u>
Liabilities and fund balance	
Accounts payable	<u>\$ 64,122</u>
Total liabilities	<u>64,122</u>
Fund balance	
Unassigned	<u>575,268</u>
Total fund balance	<u>575,268</u>
Total liabilities and fund balance	<u>\$ 639,390</u>

See notes to the financial statements.

HENDRY-LABELLE RECREATION BOARD
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 September 30, 2019

Fund balance - governmental funds		\$ 575,268
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>		
Cost of capital assets	\$ 1,363,677	
Accumulated depreciation	<u>(515,944)</u>	
		847,733
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
		<u>(56,615)</u>
Net position of governmental activities		<u>\$ 1,366,386</u>

See notes to the financial statements.

HENDRY-LABELLE RECREATION BOARD
 Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 Governmental Funds
 For the Year Ended September 30, 2019

	General Fund
Revenues	
Intergovernmental	\$ 551,440
Charges for services	228,069
Miscellaneous income	14,723
Investment earnings	2,508
Total revenues	796,740
Expenditures	
Current:	
Culture and recreation	730,659
Total expenditures	730,659
Excess of revenues over expenditures	66,081
Fund balance - beginning of year	509,187
Fund balance - end of year	\$ 575,268

See notes to the financial statements.

HENDRY-LABELLE RECREATION BOARD
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

Net change in fund balance - total governmental funds	\$ 66,081
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	96,739
Depreciation on capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(70,648)
The net effect of various transactions involving available financial resources	<u>5,836</u>
Change in net position of governmental activities	<u>\$ 98,008</u>

See notes to the financial statements.

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

The accounting methods and procedures adopted by Hendry-LaBelle Recreation Board (Board) conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Board's Annual Financial Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Hendry-LaBelle Recreation Board was created by an interlocal agreement dated October 1, 1990, between Hendry County and the City of LaBelle. The Board has five members who are authorized to carry out the recreational programs for the residents of western Hendry County and the City of LaBelle. The Board consists of two commissioners from the City of LaBelle, two commissioners from Hendry County, and a designee from the Hendry County School Board.

The Board has the responsibility for:

1. Approving budgets.
2. Exercising control over facilities and properties.
3. Controlling the use of funds generated by the Board.
4. Approving the hiring and firing of key personnel.
5. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Board is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the Board are such that, if excluded, the financial statements of the Board would be considered incomplete or misleading. There are no entities considered to be component units of the Board; therefore, the financial statements include only the operations of the Board.

Basic Financial Statements - Government-Wide Statements

The Board's basic financial statements include both government-wide (reporting the Board as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Board's activities and general administrative services are classified as governmental activities.

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

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-Wide Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of the Board's functions and activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues (assessments), operating and capital grants. Program revenues must be directly associated with the Board's functions and activities.

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

Basic Financial Statements - Fund Financial Statements

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

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

The following fund type is used by the Board:

Governmental Funds

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

General Fund

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

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Full Accrual

The governmental activities in the government-wide financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

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

Deposits and Investments

For financial reporting purposes, the Board considers cash and cash equivalents to be cash on hand, cash in banks, certificates of deposit, regardless of maturity, and short-term investments with maturities less than three months when acquired.

Board investments with a maturity of one year or less when purchased are stated at cost or amortized cost. Board investments with a maturity greater than one year are stated at fair value in accordance with GASB Statement No. 31.

The Board does not have an adopted investment policy since it follows Florida Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts, and certificates of deposit at banks certified as qualified public depositories by the State of Florida, repurchase agreements, Florida PRIME, obligations of the U. S. Government, and certain bond mutual funds.

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

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments (continued)

Investments consist of interest-bearing bank accounts at financial institutions that qualify as public depositories. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280).

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets

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

Buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Improvements	10 - 20 years
General infrastructure	10 - 50 years

GASB Statement No. 34 requires the Board to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, canals, and pumping stations. These infrastructure assets are likely to be the largest asset class of the Board. Neither their historical cost nor related depreciation had historically been reported in the financial statements prior to September 30, 2003. The Board is classified as a Phase 3 Government in accordance with the definitions contained in GASB 34. A Phase 3 Government is not required to report their major general infrastructure assets retroactively. The Board elected to report their general infrastructure assets on a prospective basis beginning September 30, 2003.

Net Position and Fund Balance

Government-Wide Net Position

Government-Wide net position is divided into three categories:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.
- Restricted - consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.
- Unrestricted - all other net position is reported in this category.

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balance (continued)

Governmental Fund Balances

Governmental fund balances consist of the following:

- Nonspendable - amounts that are not in spendable form (such as prepaid expenses, or long term investments) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by the Board itself, using its highest level of decision-making authority (i.e. Board members) and its highest level action (i.e. Resolution). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- Assigned - amounts the Board intends to use for a specific purpose. Intent can be expressed by the Board.
- Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

Revenues

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

Expenditures

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

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization Policy

The capitalization policy of the Board is to capitalize all assets with a cost of \$750 or more with an expected life of two years or more.

Compensated Absences

As explained in Note 6, the Board received various services from individuals who are employees of and paid by Hendry County. It is Hendry County's policy to permit employees to accumulate a limited amount of earned, but unused, vacation and sick leave, which will be paid upon separation of service. Vacation is accrued as a liability when benefits are earned by the employees. Hendry County uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are currently eligible to receive termination payments upon separation, as well as those expected to become eligible in the future. An employee is entitled to a termination payment for sick leave after ten years of service. The Board is required to reimburse Hendry County for these compensated absences, therefore a liability is recorded. The current portion of compensated absences is not a material amount. Therefore, the entire amount, including applicable payroll taxes and retirement, is shown as long-term debt in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Budgets and Budgetary Accounting

The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Board a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A budget is legally enacted through the passage of a resolution.
3. All budget changes must be approved by the Board.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
6. Total budgeted amounts reflect all amendments approved by the Board. Line item changes made during the year were approved by the Board.

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed in the Board's accounting system.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits in Banks

At September 30, 2019, the carrying amount of the Board's interest-bearing bank account was \$97,671 and the banks' balance was \$100,954. The difference was due to checks that had been written but not yet paid by the banks and deposits in transit.

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

Investments

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

During the year, investments consisted of an interest-bearing bank account. The investment totaled \$97,671 at September 30, 2019. The Board's use of a short-term interest-bearing bank account in a financial institution that is covered by federal depository insurance or collateral pledged under Florida Statutes Chapter 280, makes credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk nominal or nonexistent in regards to these accounts.

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Buildings	\$ 57,568	\$ 14,700	\$ -	\$ 72,268
Improvements other than Buildings	278,788	4,794	-	283,582
Machinery and equipment	<u>930,582</u>	<u>77,245</u>	-	<u>1,007,827</u>
	1,266,938	96,739	-	1,363,677
Less accumulated depreciation	<u>445,296</u>	<u>70,648</u>	-	<u>515,944</u>
	<u>\$ 821,642</u>	<u>\$ 26,091</u>	<u>\$ -</u>	<u>\$ 847,733</u>

NOTE 4 - LONG-TERM DEBT

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Board for the year ended September 30, 2019:

	Balance October 1, 2018	New Debt Issued	Retirement of Debt	Balance September 30, 2019
Compensated absences	\$ 19,009	\$ 8,607	\$ -	\$ 27,616
Note payable - bank	<u>43,442</u>	<u>-</u>	<u>14,443</u>	<u>28,999</u>
	<u>\$ 62,451</u>	<u>\$ 8,607</u>	<u>\$ 14,443</u>	<u>\$ 56,615</u>

Note Payable - Bank

On December 16, 2016, the Board entered into a note payable with a bank in the amount of \$85,000 to help fund capital projects. Payments of \$15,561, including interest at 2.75%, are due annually beginning December 16, 2017, with a final payment due on January 1, 2021.

HENDRY-LABELLE RECREATION BOARD
Notes to Financial Statements
September 30, 2019

NOTE 4 - LONG-TERM DEBT (continued)

Annual Maturities of Long-Term Debt

The annual requirements to amortize the long-term debt of the Board, except for compensated absences, as of September 30, 2019, are as follows:

Year Ending September 30,	Principal	Interest	Total Payments
2020	\$ 14,686	\$ 875	\$ 15,561
2021	<u>14,313</u>	<u>394</u>	<u>14,707</u>
	<u>\$ 28,999</u>	<u>\$ 1,269</u>	<u>\$ 30,268</u>

NOTE 5 - OVER EXPENDITURES

The following items had expenditures which exceeded their budgeted amounts at September 30, 2019, as shown in the Required Supplementary Schedule on page 23:

<u>Expenditure type</u>	<u>Over expenditure</u>
Culture and recreation	
Repairs and maintenance	\$ 24,316
Other	340
Communications	1,225
Debt service principal	943

NOTE 6 - CONTRACT SERVICES

During the fiscal year ended September 30, 2019, the Board received various services from individuals who are employees of and paid by Hendry County. The reimbursements by the Board to Hendry County for payroll, payroll taxes, retirement benefits, and other personal service expense are classified as contract services in these financial statements.

HENDRY-LABELLE RECREATION BOARD
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended September 30, 2019

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 521,000	\$ 579,600	\$ 551,440	\$ (28,160)
Charges for services	190,362	190,362	228,069	37,707
Miscellaneous income	3,500	17,550	14,723	(2,827)
Interest income	-	-	2,508	2,508
Total revenues	<u>714,862</u>	<u>787,512</u>	<u>796,740</u>	<u>9,228</u>
Expenditures				
Culture and recreation				
Contract services	372,700	380,812	374,977	5,835
Utility services	75,000	74,539	66,069	8,470
Repairs and maintenance	87,662	73,314	97,630	(24,316)
Operating supplies	50,500	68,210	67,148	1,062
Other	5,500	2,339	2,679	(340)
Communications	5,000	4,798	6,023	(1,225)
Audit fees	3,000	3,000	3,000	-
Aid to other governments	1,000	1,000	833	167
Debt service principal	13,500	13,500	14,443	(943)
Debt service interest	2,500	2,500	1,118	1,382
Capital outlay	95,000	160,000	96,739	63,261
Total expenditures	<u>711,362</u>	<u>784,012</u>	<u>730,659</u>	<u>53,353</u>
Excess of revenues over expenditures	<u>3,500</u>	<u>3,500</u>	<u>66,081</u>	<u>62,581</u>
Other financing sources				
Loan proceeds	-	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ 3,500</u>	<u>\$ 3,500</u>	66,081	<u>\$ 62,581</u>
Fund balance, beginning of year			<u>509,187</u>	
Fund balance, end of year			<u>\$ 575,268</u>	

See notes to required supplementary information.

HENDRY-LABELLE RECREATION BOARD
Notes to Required Supplementary Information
September 30, 2019

NOTE A - BUDGETARY ACCOUNTING

The Board is required to establish a budgetary system and an approved Annual Budget for the General Fund. The Board's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any amendments that increase the aggregate budgeted appropriations must be approved by the Board. Actual General Fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2019.

Actual General Fund expenditures for the fiscal year ended September 30, 2019, were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

NOTE B - OVER EXPENDITURES

At September 30, 2019, the following expenditures exceeded their budgeted amounts:

<u>Expenditure type</u>	<u>Over expenditure</u>
Culture and recreation	
Repairs and maintenance	\$ 24,316
Other	340
Communications	1,225
Debt service principal	943

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

Honorable Board of Commissioners
Hendry-LaBelle Recreation Board
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 and the major fund of Hendry-LaBelle Recreation Board, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Hendry-LaBelle Recreation Board's basic financial statements and have issued our report thereon dated February 10, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as Finding 2011-1 in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

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

Hendry-LaBelle Recreation Board's Response to Findings

Hendry-LaBelle Recreation Board's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Hendry-LaBelle Recreation Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

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

Clewiston, Florida
February 10, 2020

HENDRY-LABELLE RECREATION BOARD
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Finding 2011-1 - Internal Control Over Financial Reporting (Material Weakness)

Condition: The Board should have the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements.

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

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

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

Recommendation: The Board should develop a strategy to address the material weakness in internal control over financial reporting.

Views of Responsible Officials and Planned Corrective Actions: The Board has determined that it is not economically feasible to comply with the requirements of Statement on Auditing Standards. The Board is a small governmental entity with limited financial resources. The Board possesses the business and operational acumen to detect any material misstatements in their financial records. If the Board employed an individual with the knowledge required by the Statement, the financial cost incurred would exceed the benefit.

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INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES

Honorable Board of Commissioners
Hendry-LaBelle Recreation Board
LaBelle, Florida

We have examined Hendry-LaBelle Recreation Board's compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10)(a) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2019. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on Hendry-LaBelle Recreation Board'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 Board complied, in all material respects with the specific requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, 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.

Our examination does not provide a legal determination on Hendry-LaBelle Recreation Board's compliance with specified requirements.

In our opinion, Hendry-LaBelle Recreation Board complied, in all material respects, with the requirements of Section 218.415, Florida Statutes for the fiscal year ended September 30, 2019.

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

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

Clewiston, Florida
February 10, 2020

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MANAGEMENT LETTER IN ACCORDANCE WITH
THE RULES OF THE AUDITOR GENERAL OF THE
STATE OF FLORIDA

Honorable Board of Commissioners
Hendry-LaBelle Recreation Board
LaBelle, Florida

Report on the Financial Statements

We have audited the financial statements of Hendry-LaBelle Recreation Board, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 10, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures (if any) in those reports and schedule, which are dated February 10, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Finding 2011-1 included in the Schedule of Findings and Responses regarding the Board's internal control over financial reporting was included in the second preceding financial audit report. There were no other findings or 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. The name and legal authority for the Board is disclosed in the notes to the financial statements. There were no component units related to Hendry-LaBelle Recreation Board.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Hendry-LaBelle Recreation Board met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Hendry-LaBelle Recreation Board 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 Hendry-LaBelle Recreation Board. It is management's responsibility to monitor Hendry-LaBelle Recreation Board's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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.

Additional Matters

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

Bay Miller, Kisher & Perry P.A.

Clewiston, Florida
February 10, 2020

HENDRY-LABELLE RECREATION BOARD

P.O. Box 1760
LaBelle, Florida 33975

February 10, 2020

Ms. Sherrill F. Norman, CPA
Auditor General
State of Florida
111 W. Madison Street
Claude Denson Pepper Building
Tallahassee, FL 32399-1450

Re: Board's Response to Auditor's Finding in the Schedule of Findings and Responses -
Fiscal Year 2018-2019

Dear Ms. Norman:

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

AUDITOR'S FINDING REPORTED IN THE SCHEDULE OF FINDINGS AND RESPONSES

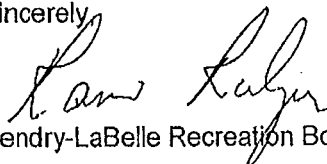
Finding 2011-1

Internal Control Over Financial Reporting

The Board has determined that it is not economically feasible to comply with the requirements of Statement on Auditing Standards. The Board is a small governmental entity with limited financial resources. The Board possesses the business and operational acumen to detect any material misstatements in their financial records. If the Board employed an individual with the knowledge required by the Statement, the financial cost incurred would exceed the benefit.

If you need additional information, please contact our office.

Sincerely,



Hendry-LaBelle Recreation Board