

HENDRY-LABELLE RECREATION BOARD
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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 the **Hendry-LaBelle Recreation Board** (the "Board"), as of and for the year ended September 30, 2021, 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 the Board as of September 30, 2021, and the respective changes in financial position 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 through 8 and the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund on pages 24 and 25 (collectively the "required supplementary information") 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 June 28, 2022, on our consideration of the Board'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 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 the Board's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 28, 2022

**HENDRY-LABELLE RECREATION BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Unaudited)**

Our discussion and analysis of the Hendry-LaBelle Recreation Board (“the Board”) provides a narrative overview of the Board’s financial activities for the fiscal year ended September 30, 2021. 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, 2021 by \$1,642,159. Of this amount, \$855,551 (unrestricted net position) may be used to meet the Board’s ongoing operations.
- The Board’s total net position increased by \$209,816.
- The Board’s total revenue (on an accrual basis) was \$1,059,922 for the year ended September 30, 2021.
- Total expenses (on an accrual basis) for all of the Board’s activities were \$850,106 for the year ended September 30, 2021.

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.

**HENDRY-LABELLE RECREATION BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Unaudited)**

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

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.

**HENDRY-LABELLE RECREATION BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Unaudited)**

Governmental Fund

The governmental fund is 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 the governmental fund 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 pages 24 and 25)

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

**HENDRY-LABELLE RECREATION BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets exceeded liabilities by \$1,642,159 for the fiscal year ended September 30, 2021. The largest assets include cash and capital assets which are approximately 47% and 48% of the Board's total assets, respectively.

The Board uses capital assets to provide services to its recreational programs participants, therefore these assets, net of any related debt, are not available for future spending. The remaining unrestricted net position of \$855,551 may be used to meet the Board's ongoing operations.

The following table highlights the net position as of September 30, 2021 and 2020:

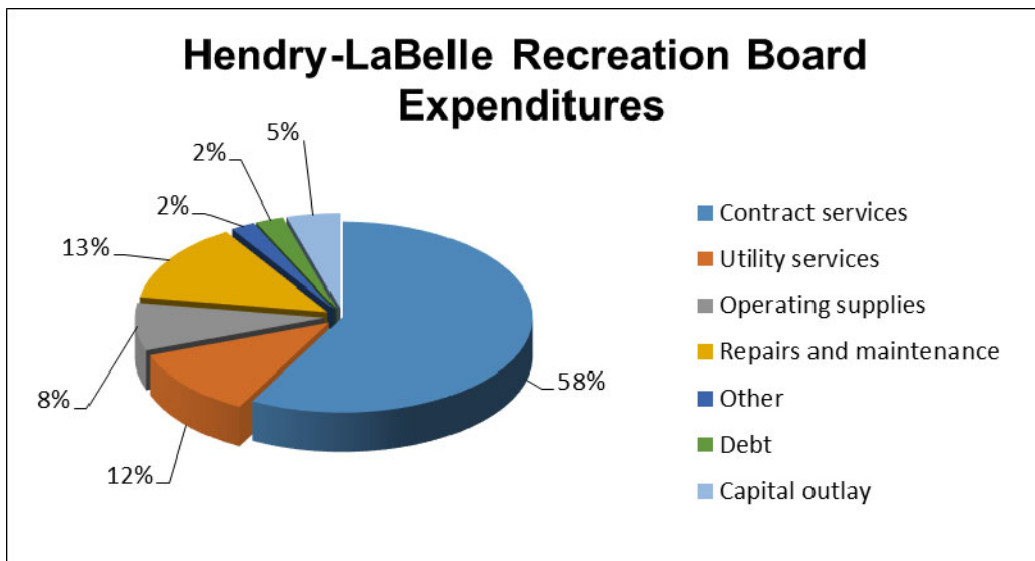
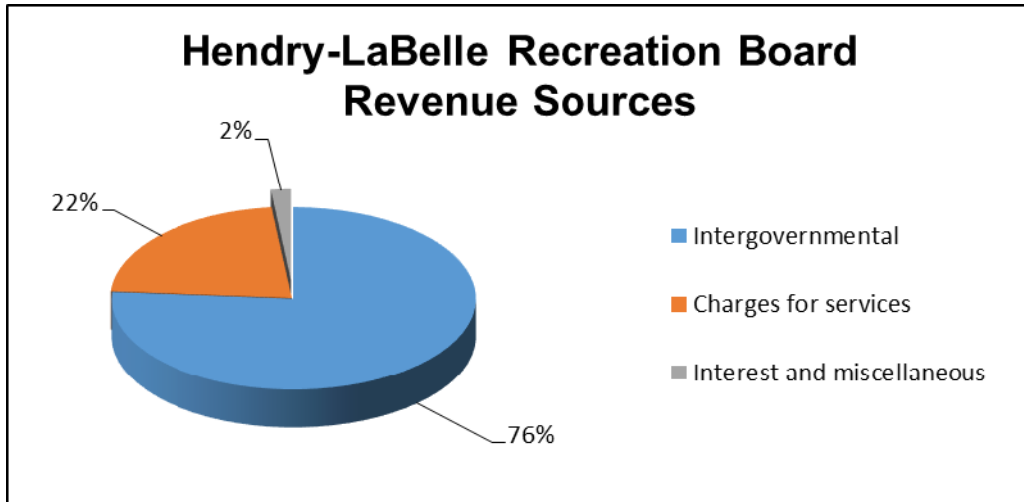
Net Position As of September 30, 2021 and 2020		
	2021	2020
Current and other assets	\$1,497,304	\$ 739,710
Capital assets	1,394,389	800,347
Total assets	2,891,693	1,540,057
Current liabilities	118,849	76,438
Noncurrent liabilities	1,130,685	31,276
Total liabilities	1,249,534	107,714
Net position:		
Net investment in capital assets	786,608	786,087
Unrestricted	855,551	646,256
Total net position	\$1,642,159	\$1,432,343

The following table highlights the changes in net position for the fiscal years ended September 30, 2021 and 2020:

Changes in Net Position As of September 30 2021 and 2020		
	2021	2020
Revenues:		
Operating grants and contributions	\$ 500,000	\$ 564,000
Charges for services	264,172	163,202
Miscellaneous income	294,112	10,532
Interest income	1,638	2,605
Total revenues	1,059,922	740,339
Operating expenses:		
Culture and recreation	850,106	674,382
Total operating expenses	850,106	674,382
Change in net position	209,816	65,957
Net position, beginning	1,432,343	1,366,386
Net position, ending	\$ 1,642,159	\$ 1,432,343

**HENDRY-LABELLE RECREATION BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Unaudited)**

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



BUDGETARY HIGHLIGHTS

The Board adopted the fiscal year 2020/2021 budget with similar initial funding as the prior fiscal year. Total expenditures budgeted for the fiscal year ended September 30, 2021 were \$2,608,614. Total revenue budgeted was \$1,512,164.

Total actual expenditures were \$1,153,667 under budgeted expenditures. This was mainly due to the following:

- Actual expenditures for capital outlay were less than the amount anticipated.

Total actual revenues were \$452,242 under the budgeted revenues. Additional budget comparison information is presented on pages 24 and 25.

**HENDRY-LABELLE RECREATION BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Unaudited)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Board's investment in capital assets for its governmental activities as of September 30, 2021 amounted to \$1,394,389 (net of accumulated depreciation). During the fiscal year, the Board made capital asset purchases of \$671,224.

The following table summarizes the Board's capital assets, net of accumulated depreciation, for the fiscal years ended September 30, 2021 and 2020:

**Capital Assets, Net
As of September 30, 2021 and 2020**

	2021	2020
Buildings	\$ 52,187	\$ 39,129
Improvements other than buildings	910,871	277,652
Machinery and equipment	431,331	483,566
Total capital assets, net	\$ 1,394,389	\$ 800,347

Debt Administration

The following table presents the Board's total outstanding debt for the fiscal years ended September 30, 2021 and 2020:

**Debt Outstanding
As of September 30, 2021 and 2020**

	2021	2020
Compensated absences	\$ 30,685	\$ 31,276
Note payable - bank	-	14,260
Line of credit - bank	1,100,000	-
Total outstanding debt	\$ 1,130,685	\$ 45,536

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

BASIC FINANCIAL STATEMENTS

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HENDRY-LABELLE RECREATION BOARD

STATEMENT OF NET POSITION SEPTEMBER 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,373,200
Accounts receivables	124,104
Capital assets	
Depreciable, net	1,394,389
Total assets	<u>\$ 2,891,693</u>
Liabilities	
Accounts payable	\$ 105,296
Accrued expenses	13,553
Noncurrent liabilities	
Due within one year	76,000
Due in more than one year	1,054,685
Total liabilities	<u>1,249,534</u>
Net position	
Net investment in capital assets	786,608
Unrestricted	855,551
Total net position	<u>1,642,159</u>
Total liabilities and net position	<u>\$ 2,891,693</u>

See accompanying notes to financial statements.

HENDRY-LABELLE RECREATION BOARD

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/programs Governmental activities	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Culture and recreation	\$ 850,106	\$ 264,172	\$ 500,000	\$ (85,934)
Total governmental activities	850,106	264,172	500,000	(85,934)
General revenues				
				1,638
				294,112
				295,750
				209,816
				1,432,343
				\$ 1,642,159

See accompanying notes to financial statements.

HENDRY-LABELLE RECREATION BOARD

BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2021

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 1,373,200
Due from other governments	124,104
Total assets	<u>\$ 1,497,304</u>
Liabilities and fund balance	
Liabilities	
Accounts payable	\$ 105,296
Accrued expenses	9,501
Total liabilities	<u>114,797</u>
Fund balance	
Unassigned	<u>1,382,507</u>
Total fund balance	<u>1,382,507</u>
Total liabilities and fund balances	<u>\$ 1,497,304</u>

See accompanying notes to financial statements.

HENDRY-LABELLE RECREATION BOARD

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund balances, total governmental funds **\$ 1,382,507**

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds.

Governmental capital assets	\$ 2,063,709	
Accumulated depreciation	(669,320)	1,394,389

Noncurrent liabilities, are not due and payable in the current
period and therefore, are not reported in the funds.

Compensated absences	(30,685)	
Accrued interest	(4,052)	
Line of credit	(1,100,000)	(1,134,737)

Net position of governmental activities **\$ 1,642,159**

See accompanying notes to financial statements.

HENDRY-LABELLE RECREATION BOARD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>
Revenues	
Intergovernmental revenues	\$ 500,000
Charges for services	264,172
Miscellaneous income	294,112
Investment earnings	1,638
Total revenues	<u>1,059,922</u>
Expenditures	
Current	
Culture and recreation	675,855
Debt service	
Principal	14,260
Interest	453
Capital outlay	764,379
Total expenditures	<u>1,454,947</u>
Deficiency of revenues under expenditures	<u>(395,025)</u>
Other financing sources	
Proceeds from issuance of line of credit	<u>1,100,000</u>
Change in fund balance	704,975
Fund balance, beginning of year	<u>677,532</u>
Fund balance, end of year	<u>\$ 1,382,507</u>

See accompanying notes to financial statements.

**HENDRY-LABELLE RECREATION BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances – total governmental funds **\$ 704,975**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 671,224	
Less current year depreciation	<u>(77,182)</u>	594,042

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.

Payment of note payable	14,260	
Proceeds from line of credit	(1,100,000)	
Change in accrued interest	(4,052)	
Change in compensated absences	<u>591</u>	<u>(1,089,201)</u>

Change in net position of governmental activities **\$ 209,816**

See accompanying notes to financial statements.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of the financial report of the Hendry-LaBelle Recreation Board (the "Board") conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following notes to the financial statements are an integral part of the Board's Annual Financial Report.

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.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are categorized as governmental. The Board has no business-type activities.

In the government-wide statement of net position, the governmental activities 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 – net investment in capital assets; restricted net position; and unrestricted net position. The Board first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function (or segment) are 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 function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other revenues not properly included among program revenues are reported instead as *general revenues*.

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 an individual fund in the fund financial statements. The *General Fund* is the general operating fund of the Board. It is used to account for all financial resources of the Board.

The *General Fund* 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 paid.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, as amended.

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.

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.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition 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. The Board elected to report their general infrastructure assets on a prospective basis beginning September 30, 2003.

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.

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, 2021
(Unaudited)

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.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Compensated Absences

As explained in Note 5, 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.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
5. Total budgeted amounts reflect all amendments approved by the Board. Line item changes made during the year were approved by the Board.

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, 2021, the carrying amount of the Board's interest-bearing bank account was \$1,372,950 and the bank balance was \$1,900,000. The Board also had petty cash on hand of \$250.

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.

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	<u>Balance</u> <u>October 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30, 2021</u>
Capital assets, being depreciated				
Buildings	\$ 80,768	\$ 17,720	\$ -	\$ 98,488
Improvements other than buildings	297,609	617,931	-	915,540
Machinery and equipment	1,014,108	35,573	-	1,049,681
Total capital assets, being depreciated	<u>1,392,485</u>	<u>671,224</u>	<u>-</u>	<u>2,063,709</u>
Less accumulated depreciation	<u>592,138</u>	<u>77,182</u>	<u>-</u>	<u>669,320</u>
Capital assets, being depreciated, net	<u>\$ 800,347</u>	<u>\$ 594,042</u>	<u>\$ -</u>	<u>\$ 1,394,389</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, 2021:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Direct borrowing:					
Note payable - bank	\$ 14,260	\$ -	\$ (14,260)	\$ -	\$ -
Line of credit	-	1,100,000	-	1,100,000	66,000
Compensated absences	<u>31,276</u>	<u>10,696</u>	<u>(11,287)</u>	<u>30,685</u>	<u>10,000</u>
Total	<u>\$ 45,536</u>	<u>\$ 1,110,696</u>	<u>\$ (25,547)</u>	<u>\$ 1,130,685</u>	<u>\$ 76,000</u>

HENDRY-LABELLE RECREATION BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(Unaudited)

NOTE 4. LONG-TERM DEBT (CONTINUED)

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. The final payment was made in January 2021.

Line of Credit - Bank

On November 19, 2019, the Board entered into a line of credit with a bank in the amount of \$1,400,000 to help fund capital projects. As of September 30, 2021, the Board drew down \$1,100,000 of the line of credit. Annual payments of \$105,000 are due annually beginning December 2021, and interest is charged at a rate of 2.75%.

Annual Maturities of Long-Term Debt

The annual requirement to amortize the long-term debt of the Board, except for compensated absences, as of September 30, 2021 is as follows:

<u>Fiscal Year Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 66,000	\$ 39,000	\$ 105,000
2023	77,094	27,906	105,000
2024	79,241	25,759	105,000
2025	81,448	23,552	105,000
2026	83,716	21,284	105,000
2027-2031	454,876	70,124	525,000
2032-2034	257,625	12,258	269,883
Total	<u>\$ 1,100,000</u>	<u>\$ 219,883</u>	<u>\$ 1,319,883</u>

NOTE 5. CONTRACT SERVICES

During the fiscal year ended September 30, 2021, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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**HENDRY-LABELLE RECREATION BOARD
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Charges for services	211,000	264,172	264,172	-
Miscellaneous income	-	746,354	294,112	(452,242)
Investment earnings	-	1,638	1,638	-
Total revenues	<u>711,000</u>	<u>1,512,164</u>	<u>1,059,922</u>	<u>(452,242)</u>
Expenditures				
Current				
Culture and recreation				
Contract services	384,700	535,271	444,613	90,658
Repairs and maintenance	21,000	402,426	61,830	340,596
Utility services	81,000	81,384	80,770	614
Operating supplies	48,500	167,759	70,377	97,382
Communications	10,000	11,108	8,647	2,461
Audit fees	3,250	3,250	3,000	250
Other	34,000	38,175	5,643	32,532
Aid to other governments	1,000	1,000	975	25
Debt service				
Principal retirement	13,500	14,313	14,260	53
Interest	2,500	2,500	453	2,047
Capital outlay	<u>36,000</u>	<u>1,351,428</u>	<u>764,379</u>	<u>587,049</u>
Total expenditures	<u>635,450</u>	<u>2,608,614</u>	<u>1,454,947</u>	<u>1,153,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,550</u>	<u>(1,096,450)</u>	<u>(395,025)</u>	<u>(1,605,909)</u>
Other financing sources (uses)				
Proceeds from issuance of line of credit	-	1,100,000	1,100,000	-
Contingency	<u>(75,550)</u>	<u>(3,550)</u>	<u>-</u>	<u>(3,550)</u>
Total other financing sources (uses)	<u>(75,550)</u>	<u>1,096,450</u>	<u>1,100,000</u>	<u>(3,550)</u>
Change in fund balance	-	-	704,975	(1,609,459)
Fund balance, beginning of year	<u>677,532</u>	<u>677,532</u>	<u>677,532</u>	<u>-</u>
Fund balance, end of year	<u>\$ 677,532</u>	<u>\$ 677,532</u>	<u>\$ 1,382,507</u>	<u>\$ (1,609,459)</u>

See accompanying notes to financial statements.

HENDRY-LABELLE RECREATION BOARD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2021

NOTE 1. 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, 2021.

Actual General Fund expenditures for the fiscal year ended September 30, 2021 were less than appropriations due primarily to anticipated costs, which were not incurred in the current fiscal year.

COMPLIANCE SECTION

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

Honorable 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 Hendry-LaBelle Recreation Board (the "Board"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated June 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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*.

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 Board'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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
June 28, 2022

HENDRY-LABELLE RECREATION BOARD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards and State Financial Assistance

There was not an audit of major federal award programs or state award programs as of September 30, 2021 due to the total amount expended by the Board being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None Noted

SECTION III
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Not applicable.

HENDRY-LABELLE RECREATION BOARD
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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.

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.

Status: Resolved.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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 (the "Board "), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 28, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Schedule of Findings and Responses, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2022, 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 Prior Year Findings regarding the Board's internal control over financial reporting was included in the second 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. 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

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 Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the 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 Board. It is management's responsibility to monitor the 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 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 the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Hendry LaBelle Recreation Board reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 8.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 4.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$258,755.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$40,587.
- e. During the year, the Board had had two construction projects with a total cost of at least \$65,000 approved by the Board, with total expenditures for the projects during fiscal year 2021 of \$641,279.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as see page 24.

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 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 28, 2022

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined Hendry-LaBelle Recreation Board (the "Board") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the Board is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the 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 specified 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 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 ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Board complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2021.

This report is intended solely for the information and use of the Board 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
June 28, 2022

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