

CITY OF MOORE HAVEN, FLORIDA

BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

**CITY OF MOORE HAVEN, FLORIDA
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SEPTEMBER 30, 2014**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Moore Haven, Florida
Moore Haven, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

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

Opinions

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

Emphasis of a Matter

During the fiscal year ended September 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 65, Items Previously Reported as Assets and Liabilities. As a result of the implementation of GASBS No. 65, the City reported a restatement for the change in accounting principle (see Note 1.) The auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 3 through 16 and 69 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 March 4, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 4, 2015

City of Moore Haven, Florida Management's Discussion and Analysis

As management of the City of Moore Haven, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

At the close of the 2014 fiscal year, the City's liabilities exceeded its assets by \$54.6 million (net deficit). This number consists of net investment in capital assets of a negative \$29.6 million, net position restricted for debt service of \$48,735, net position restricted for economic environment of \$152,849, net position restricted for capital projects of \$1.8 million, net position restricted for renewal and replacement of \$617,323 and negative \$27.6 million of unrestricted net position. For the fiscal year ended September 30, 2013, the City's liabilities exceeded its assets by \$51.4 million (net deficit). This number consisted of net investment in capital assets of a negative \$22.0 million, net position restricted for debt service of \$24,766, net position restricted for economic environment of \$152,872, net position restricted for capital projects of \$1.7 million, net position restricted for renewal and replacement of \$672,966 and negative \$31.9 million of unrestricted net position available to be used to meet future ongoing obligations. These amounts are further broken down as follows:

At the close of the 2014 fiscal year, CaPFA's (the City's blended component unit) liabilities exceeded its assets by \$69.0 million (net deficit). This number consists of net investment in capital assets of a negative \$39.9 million, net position restricted for capital projects \$1.6 million, and negative \$30.7 million of unrestricted net position. For the fiscal year ended September 30, 2013, CaPFA's liabilities exceeded its assets by \$65.6 million (net deficit). This number consists of net investments in capital assets of a negative \$32.4 million, net position restricted for capital projects \$1.5 million, and negative \$34.7 million of unrestricted net position.

At the close of the 2014 fiscal year, the City's Electric Fund assets exceeded its liabilities by \$2.1 million (net position). This number consists of net investment in capital assets of \$146,805, an amount restricted for renewal and replacement of \$617,323, and \$1.4 million of unrestricted net position available to be used to meet future ongoing obligations. For the fiscal year ended September 30, 2013, the City's Electric Fund assets exceeded its liabilities by \$2.1 million (net position). This number consists of net investment in capital assets of \$121,215, an amount restricted for renewal and replacement of \$672,966 and \$1.3 million of unrestricted net position available to be used to meet future ongoing obligations.

At the close of the 2014 fiscal year, the City's Water Fund assets exceeded its liabilities by \$6.7 million (net position). This number consists of net investment in capital assets of \$5.0 million, and \$1.6 million of unrestricted net position available to be used to meet future ongoing obligations. For the fiscal year ended September 30, 2013, the City's Water Fund assets exceeded its liabilities by \$6.7 million (net position). This number consists of net investment in capital assets of \$5.4 million and \$1.3 million of unrestricted net position available to be used to meet future ongoing obligations.

At the close of the 2014 fiscal year, AHFA's (the City's blended component unit) liabilities exceeded its assets by \$116,773 (net deficit). This number consisted of a negative \$116,773 of unrestricted net position (deficit) available. For the fiscal year ended September 30, 2013, AHFA's liabilities exceeded its assets by \$116,773 (net deficit). This number consists of a negative \$116,773 of unrestricted net position (deficit) available.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Moore Haven's basic financial statements, which comprise the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment, transportation, and culture and recreation. The business-type activities of the City include a water utility, an electric utility, and blended component units, AHFA and CaPFA, which includes CaPFA Capital Corp. 1998B, CaPFA Capital Corp. 2000F, and CaPFA Capital Corp. 2010A, three legally separate special purpose entities serving as instrumentalities of CaPFA. Financial information for these component units are blended within the financial information presented for the primary government itself, since the governing body of the entities are one and the same, the City Council.

The government-wide financial statements can be found on pages 17 through 18.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources and the availability of these resources at the end of the fiscal year. Such information may be useful for evaluating a government's near-term financial requirements, but does not help readers to better understand the long-term impact of the City's near-term financing decisions. In that regard, it would be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Consequently, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains two governmental funds, the General Fund and the CRA Fund, for reporting purposes.

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

The governmental fund financial statements can be found on pages 19 through 22 of this report.

Proprietary Funds. The City uses enterprise funds to account for the functions presented as business-type activities in the government-wide financial statements. These enterprise funds consist of a water utility and an electric utility. Also included as enterprise funds are the City's blended component units, AHFA and CaPFA. CaPFA represents student housing projects located near the University of Central Florida and a high school project located in Guam. AHFA represents activities related to initial up-front costs associated with the possible purchase of affordable housing projects.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the City's water utility, the electric utility, and AHFA and CaPFA.

The basic proprietary fund financial statements can be found on pages 24 through 30 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 31 through 68 of this report.

Government-Wide Financial Analysis. The following table summarizes the City's statement of net position:

City of Moore Haven, Florida
Net Position
September 30,

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 759,446	\$ 880,774	\$ 28,510,355	\$ 27,407,370	\$ 29,269,801	\$ 28,288,144
Capital assets	5,107,576	4,856,103	162,155,018	169,359,097	167,262,594	174,215,200
Total Assets	5,867,022	5,736,877	190,665,373	196,766,467	196,532,395	202,503,344
Non-current liabilities outstanding	89,886	77,468	187,054,206	191,468,994	187,144,092	191,546,462
Other liabilities	65,443	112,486	63,932,485	62,229,042	63,997,928	62,341,528
Total Liabilities	155,329	189,954	250,986,691	253,698,036	251,142,020	253,887,990
Net position:						
Net investment in capital assets	5,107,576	4,856,103	(34,724,785)	(26,842,974)	(29,617,209)	(21,986,871)
Restricted	327,167	333,603	2,314,163	2,193,797	2,641,330	2,527,400
Unrestricted	276,950	357,217	(27,910,696)	(32,282,392)	(27,633,746)	(31,925,175)
Total Net Position	\$ 5,711,693	\$ 5,546,923	\$ (60,321,318)	\$ (56,931,569)	\$ (54,609,625)	\$ (51,384,646)

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities exceeded assets by approximately \$54.6 million at the close of the most recent fiscal year.

A portion of the City's net position consists of a negative \$29.6 million investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), which is net of accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$2.6 million represents resources that are subject to external restrictions on how they may be used.

The City's net position decreased by \$3.2 million during the current fiscal year. Governmental activities increased net position by \$164,769 while business-type activities accounted for a decrease of \$3.4 million.

The City's Electric Fund accounted for an increase in net position of \$29,905 for the fiscal year. The increase in net position in the Electric Fund was decreased by transfers being made to the General Fund. Actual operations of the Electric Fund generated an increase of \$376,162 before transfers. The City's Water Fund accounted for a decrease in net position of \$53,291 for the year, including net transfers out of \$235,178.

The increase in net position before transfers of \$181,887 is an increase over the corresponding decrease of \$287,988 recorded during the fiscal year ended September 30, 2013. This change was due to an increase in demand on the revenue side and during the fiscal year ended September 30, 2013 the Water Fund experienced an excessive usage of chemicals due to a malfunction at its water plant and additional repair costs to correct the malfunction. This resulted in a decrease in costs for fiscal year September 30, 2014.

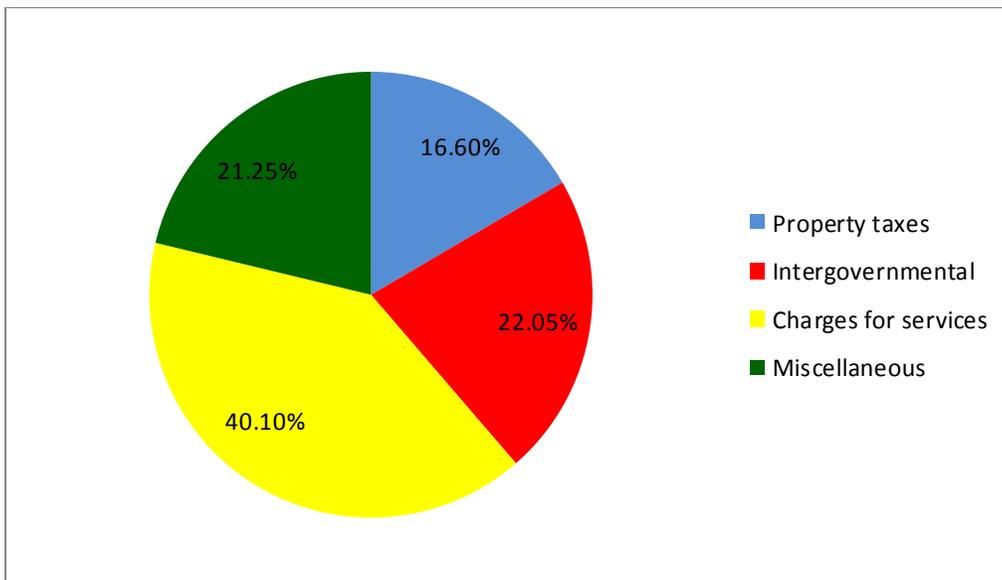
CaPFA, the City's blended component unit, accounted for a decrease of \$3.4 million in the City's net position for the fiscal year. All debt contained within the City's blended component unit are nonrecourse to the City and payable only from revenues derived from the projects. This decrease was less than the \$7.1 million decrease during fiscal year September 30, 2013. This change was primarily due to a decrease in legal fees of over \$4 million incurred in a lawsuit that was settled during the fiscal year ended September 30, 2013.

AHFA, a blended component unit of the City, accounted for \$-0- change in the City's net position for the fiscal year.

Governmental Activities

Governmental activities increased the City's net position by \$164,769. The graph below shows the percentage of the total governmental activities revenues allocated by each revenue type.

**Revenues by Source – Governmental Activities
For the Year Ended September 30, 2014**



The table below summarizes the changes in net position – Governmental Activities:

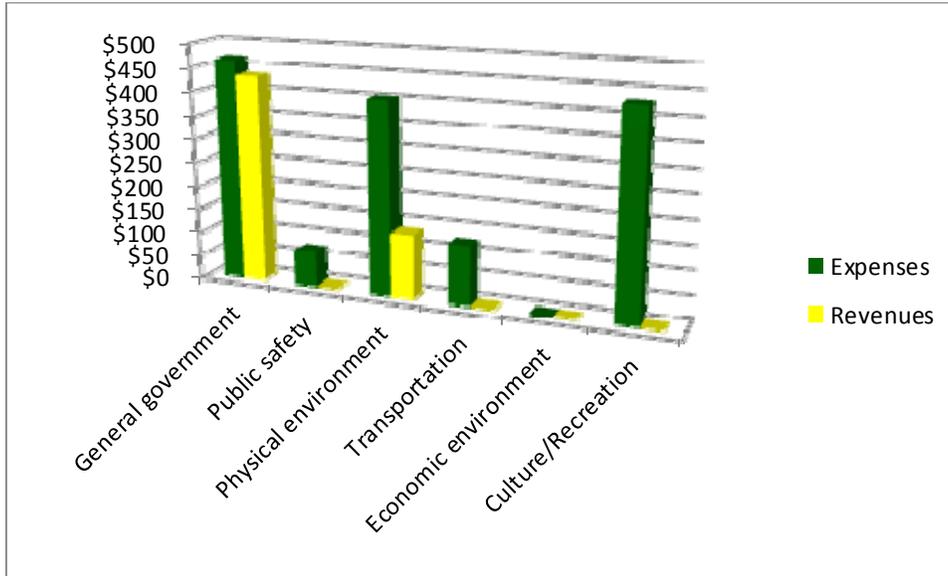
City of Moore Haven
Changes in Net Position – Governmental Activities
For the Fiscal Years Ended September 30, 2014 and 2013

	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 431,880	\$ 409,318
Capital Grants	133,553	518,830
General revenues:		
Property taxes	178,791	178,914
Intergovernmental	237,508	233,454
Interest income	813	1,247
Other revenues	94,569	100,610
Total Revenues	1,077,114	1,442,373
Expenses:		
General government	464,978	486,733
Public safety	72,901	75,422
Physical environment	403,134	373,898
Transportation	125,024	157,534
Economic environment	175	175
Culture and recreation	427,568	430,541
Total Expenses	1,493,780	1,524,303
Excess before Transfers	(416,666)	(81,930)
Transfers	581,435	581,160
Change in Net Position	164,769	499,230
Net Position - beginning	5,546,924	5,047,694
Net Position - ending	\$ 5,711,693	\$ 5,546,924

Overall, net position increased by \$164,769 during the current fiscal year compared to \$499,230 during fiscal year ended September 30, 2013. The reduction in the increase in net position in the Governmental Activities was due primarily to the receipt of grant funds for storm water improvements during fiscal year September 30, 2013.

The table below discloses the cost of services for governmental activities. The total cost of services column contains all costs related to the programs; the net cost column shows how much of the total expenditures are not covered by program revenues or costs that must be covered by general revenues or transfers.

**Expenses and Program Revenues – Governmental Activities
For the Year Ended September 30, 2014 (in thousands)**



Business-type Activities

Business-type activities decreased the City’s net position by \$3.4 million. The City’s electric utility increased the City’s net asset by \$29,905 and the water utility decreased the City’s net position by \$53,291. The City’s blended component units, CaPFA and AHFA, decreased the City’s net position by \$3.4 million and \$-0-, respectively.

The table below summarizes the changes in net position – Business-type Activities:

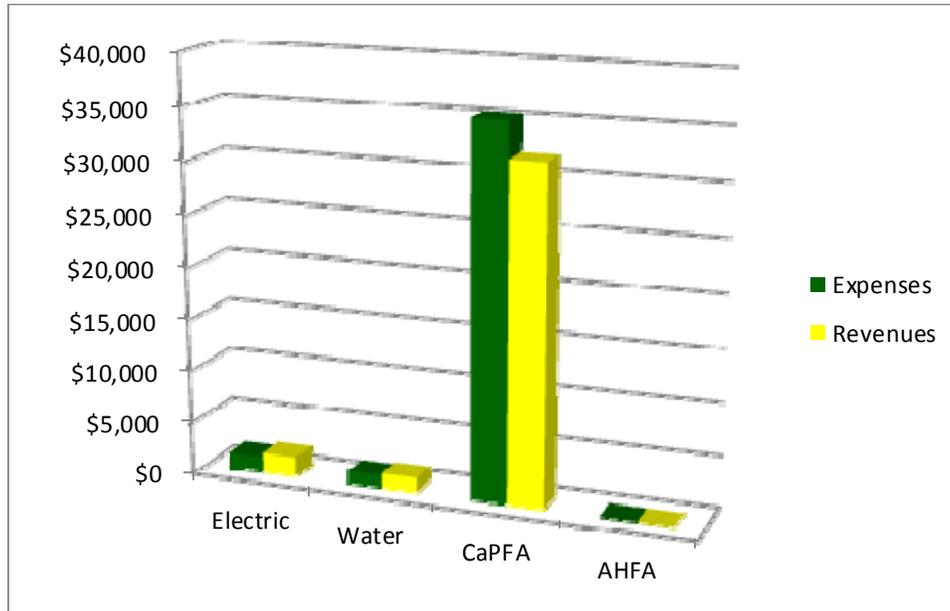
City of Moore Haven
Changes in Net Position – Business-type Activities
For the Fiscal Years Ended September 30, 2014 and 2013

	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 35,206,622	\$ 33,486,041
Capital Grants	-	42,965
General revenues:		
Interest income	11,640	12,178
Other revenues	12,546	10,157
Claim settlements	-	1,595,518
Total Revenues	35,230,808	35,146,859
Expenses:		
CaPFA	35,268,378	39,085,379
Electric	1,590,627	1,571,427
Water	1,180,117	1,475,499
Total Expenses	38,039,122	42,132,305
Excess before Transfers	(2,808,314)	(6,985,446)
Transfers	(581,435)	(581,160)
Change in Net Position	(3,389,749)	(7,566,606)
Net Position - beginning	(56,931,569)	(49,364,963)
Net Position - ending	\$ (60,321,318)	\$ (56,931,569)

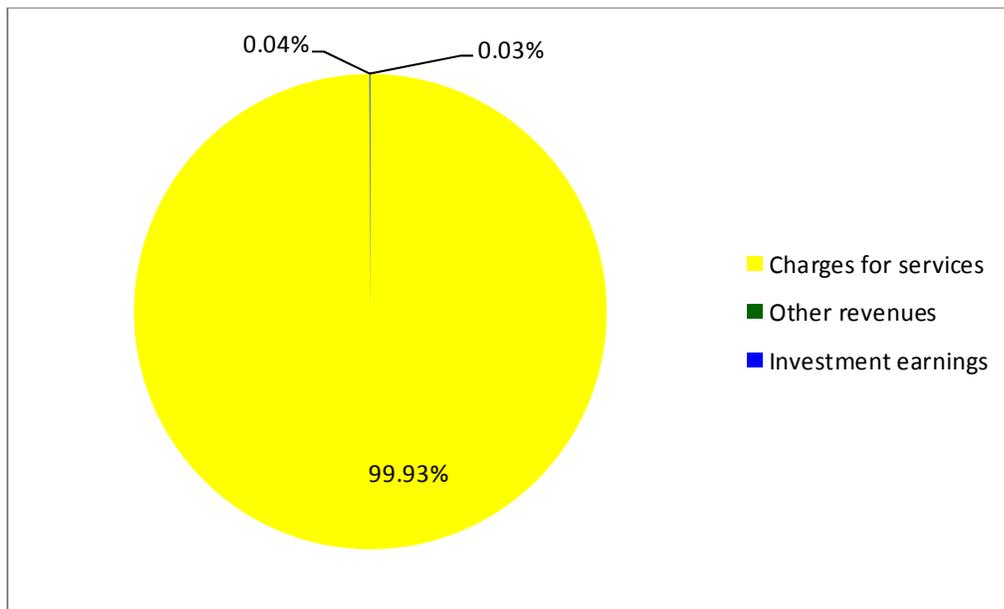
Net position in the City's blended component units, CaPFA and AHFA, decreased by \$3.4 million and \$-0-, respectively, during the current year. CaPFA's decrease was less than the \$7.2 million decrease during fiscal year 2013. This decrease was due primarily to a reduction of over \$4 million in legal fees that were incurred in a lawsuit that was settled during the fiscal year ended September 30, 2013. All debt contained within the CaPFA component unit is project specific and nonrecourse to the City.

The following chart shows a comparison of expenses to program revenues for business-type activities for the fiscal year ended September 30, 2014.

**Expenses and Program Revenues – Business-type Activities
For the Fiscal Year Ended September 30, 2014 (in thousands)**



**Revenue by Source – Business-type Activities
For the Fiscal Year Ended September 30, 2014**



Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds:

Governmental Funds

	2014	2013
Fund balance - beginning	\$ 615,975	\$ 858,718
Revenues	1,225,304	1,352,448
Expenditures	(1,732,834)	(2,176,351)
Other financing sources	581,435	581,160
Fund balance - ending	\$ 689,880	\$ 615,975

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds consist of the General Fund and a CRA Fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year the unassigned fund balance of the General Fund was \$362,713, while total fund balance was \$537,031.

The City's net change in fund balance in its General Fund was an increase of \$73,928.

The City's General Fund is required to adopt an annual budget prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP). Surpluses from any prior fiscal years cannot be appropriated in future fiscal years.

The CRA Fund is used to account for the tax increment factor levied on the benefiting properties within the defined district and the use of such funds. At the end of the current fiscal year the total fund balance for the CRA Fund was \$152,849. This entire amount was restricted for economic environment.

The City's net change in fund balance for its CRA Fund was a decrease of \$23.

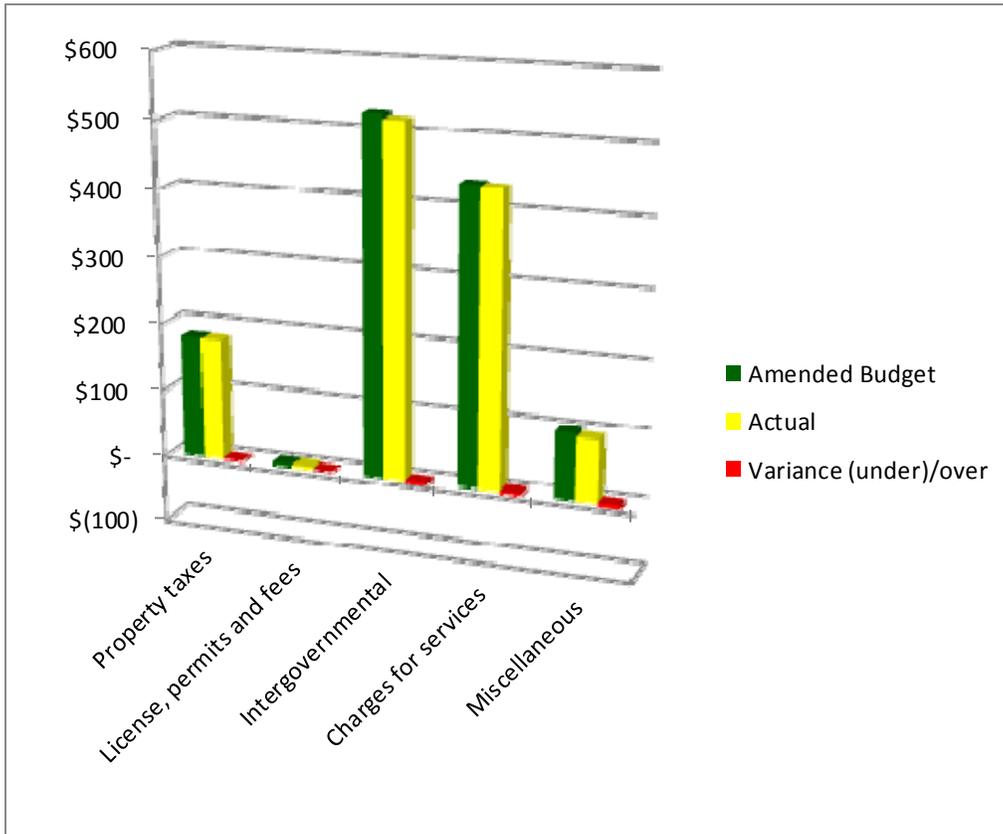
Proprietary Funds. The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail.

The total decrease in net position for all enterprise funds was \$3.4 million. This includes decreases of \$3.4 million and \$0- attributable to CaPFA and AHFA, respectively, the component units of the City.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing the final Amended Budget to actual results. The Amended Budget can be modified subsequent to the end of the fiscal year.

General Fund Revenues For the Fiscal Year Ended September 30, 2014 (in thousands)



General Fund Revenues For the Fiscal Year Ended September 30, 2014 (in thousands)

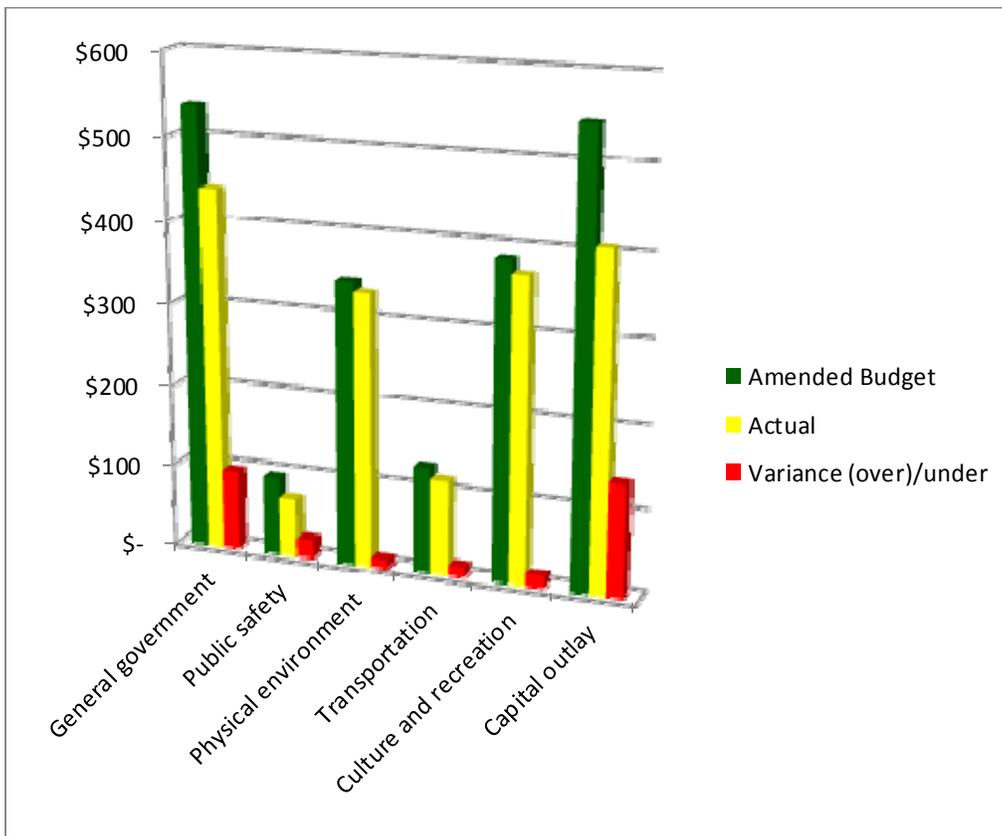
	Final Amended Budget	Actual	Variance
Taxes:			
Property	\$ 180,000	\$ 178,791	\$ (1,209)
License, permits and fees	3,550	3,486	(64)
Intergovernmental	525,036	517,947	(7,089)
Charges for services	436,006	433,184	(2,822)
Miscellaneous	98,118	91,744	(6,374)
Total Revenues	\$ 1,242,710	\$ 1,225,152	\$ (17,558)

General Fund Expenditures
For the Fiscal Year Ended September 30, 2014 (in thousands)

	Final Amended Budget	Actual	Variance
General government	\$ 534,907	\$ 439,137	\$ 95,770
Public safety	93,665	71,404	22,261
Physical environment	341,129	331,330	9,799
Transportation	128,598	114,966	13,632
Culture and recreation	384,024	368,599	15,425
Capital outlay	543,817	407,223	136,594
Total Expenditures	\$ 2,026,140	\$ 1,732,659	\$ 293,481

The following chart and table summarizes actual expenditures by function/program for the fiscal year ended September 30, 2014 and compares expenditures with the Amended Budget.

General Fund Expenditures
For the Fiscal Year Ended September 30, 2014 (in thousands)



There were no significant differences between budgeted and actual amounts in the City's revenues. The difference between budgeted and actual General Government expenditures is due primarily to the non-use of \$66,608 in a contingency reserve. Public Safety was under budget due to the City not demolishing condemned buildings as planned. The difference between budgeted and actual Capital Outlay is due to the City's decision to delay expenditure for certain budgeted purchases and improvements until a later date.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2014 amounts to \$167.2 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, apartment furniture and appliances, transmission, distribution and collection plants, and machinery and equipment, which are detailed as follows (net of accumulated depreciation):

Capital Assets

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Land	\$ 275,316	\$ 190,500	\$ 465,816
Construction in progress	48,640	62,234	110,874
Infrastructure	3,084,748	-	3,084,748
Structures and improvements	1,207,716	146,763,817	147,971,533
Apartment furniture and appliances	-	1,581,668	1,581,668
Transmission, distribution and collection plants	-	8,838,232	8,838,232
Machinery and equipment	491,156	4,718,567	5,209,723
Total Capital Assets	<u>\$ 5,107,576</u>	<u>\$ 162,155,018</u>	<u>\$ 167,262,594</u>

The City has developed various capital improvement programs to improve the quality of life of its residents. During the year ended September 30, 2014, the total amount expended for Capital Outlay in the General Fund was \$407,223.

Long-term Debt

At the end of the current fiscal year, the City had a total bonded debt outstanding of \$124.6 million and certificates of participation of \$62.4 million. Of this amount, \$120.3 million were revenue bonds and \$62.4 million were certificates of participation for CaPFA, the City's blended component unit; the remaining \$4.3 million were revenue bonds for the City's water utility. CaPFA's certificates of participation were issued to finance the demolition and reconstruction of a high school for the government of Guam.

Economic Factors and Next Year's Budget

The factors listed below were considered in preparing the City's budget for the 2015 fiscal year.

The occupancy rate for the City's business district has remained unchanged during this year. Although the City continually tries to encourage new businesses to begin operations within its jurisdiction, the current economy has limited the City's ability to make any meaningful progress in this area.

Property values within the City have remained consistent for the upcoming year. The City does not intend to raise its millage rates to generate additional revenues. Instead, the City has historically depended on the success of its utilities to generate revenues for the City's operations.

Requests for Information

This financial report is designed to provide a general overview of the City of Moore Haven's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the City of Moore Haven, PO Box 399, Moore Haven, FL 33471.

**CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 366,994	\$ 3,948,867	\$ 4,315,861
Restricted assets:			
Cash and cash equivalents	327,167	16,851,913	17,179,080
Capital credit	-	917,189	917,189
Accounts receivable, net	75,821	566,163	641,984
Other receivables	-	44,000	44,000
Prepaid expenses	-	1,053,729	1,053,729
Due from other governments	34,472	-	34,472
Internal balances	(45,008)	45,008	-
Prepaid bond insurance	-	5,083,486	5,083,486
Capital assets (net of accumulated depreciation):			
Land	275,316	190,500	465,816
Construction in progress	48,640	62,234	110,874
Infrastructure	3,084,748	-	3,084,748
Structures and improvements	1,207,716	146,763,817	147,971,533
Apartment furniture and appliances	-	1,581,668	1,581,668
Transmission, distribution and collection plants	-	8,838,232	8,838,232
Machinery and equipment	491,156	4,718,567	5,209,723
Total Assets	<u>5,867,022</u>	<u>190,665,373</u>	<u>196,532,395</u>
LIABILITIES AND NET POSITION (DEFICIT)			
LIABILITIES			
Accounts payable and accrued liabilities	41,329	1,170,969	1,212,298
Prepaid tenant rent	-	1,092,159	1,092,159
Due to other governmental units	24,114	62,004	86,118
Protective advance loan	-	33,252,427	33,252,427
Bond insurer advance	-	16,624,355	16,624,355
Payable from restricted assets:			
Customer security deposits and advances	-	214,465	214,465
Accrued interest	-	11,516,106	11,516,106
Noncurrent liabilities:			
Due within one year, payable from restricted assets	-	915,000	915,000
Due within one year	21,081	4,099,636	4,120,717
Due in more than one year	68,805	182,039,570	182,108,375
Total Liabilities	<u>155,329</u>	<u>250,986,691</u>	<u>251,142,020</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	5,107,576	(34,724,785)	(29,617,209)
Restricted for:			
Debt service	-	48,735	48,735
Economic environment	152,849	-	152,849
Capital project	174,318	1,648,105	1,822,423
Renewal and replacement	-	617,323	617,323
Unrestricted	276,950	(27,910,696)	(27,633,746)
Total Net Position (Deficit)	<u>\$ 5,711,693</u>	<u>\$ (60,321,318)</u>	<u>\$ (54,609,625)</u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 464,978	\$ 431,880	\$ -	\$ -	\$ (33,098)	\$ -	\$ (33,098)
Public safety	72,901	-	-	-	(72,901)	-	(72,901)
Physical environment	403,134	-	-	133,553	(269,581)	-	(269,581)
Transportation	125,024	-	-	-	(125,024)	-	(125,024)
Economic environment	175	-	-	-	(175)	-	(175)
Culture/Recreation	427,568	-	-	-	(427,568)	-	(427,568)
Total governmental activities	<u>1,493,780</u>	<u>431,880</u>	<u>-</u>	<u>133,553</u>	<u>(928,347)</u>	<u>-</u>	<u>(928,347)</u>
Business-type activities:							
CaPFA	35,268,378	31,895,180	-	-	-	(3,373,198)	(3,373,198)
Affordable Housing	-	-	-	-	-	-	-
Electric	1,590,627	1,953,131	-	-	-	362,504	362,504
Water	1,180,117	1,358,311	-	-	-	178,194	178,194
Total business-type activities	<u>38,039,122</u>	<u>35,206,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,832,500)</u>	<u>(2,832,500)</u>
Total primary government	<u>\$ 39,532,902</u>	<u>\$ 35,638,502</u>	<u>\$ -</u>	<u>\$ 133,553</u>	<u>(928,347)</u>	<u>(2,832,500)</u>	<u>(3,760,847)</u>
General revenues:							
Property taxes, levied for general purposes					178,791	-	178,791
Intergovernmental revenues, not restricted to specific programs					237,508	-	237,508
Investment earnings					813	11,640	12,453
Miscellaneous					94,569	12,546	107,115
Transfers					581,435	(581,435)	-
Total general revenues and transfers					<u>1,093,116</u>	<u>(557,249)</u>	<u>535,867</u>
Change in net position					164,769	(3,389,749)	(3,224,980)
Net position (deficit) - beginning, as restated (see Note 1)					5,546,924	(56,931,569)	(51,384,645)
Net position (deficit) - ending					<u>\$ 5,711,693</u>	<u>\$ (60,321,318)</u>	<u>\$ (54,609,625)</u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	CRA Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 366,994	\$ -	\$ 366,994
Accounts receivable, net	75,821	-	75,821
Due from other funds	61,048	-	61,048
Due from other governments	34,472	-	34,472
Cash and cash equivalents - restricted	174,318	152,849	327,167
Total Assets	\$ 712,653	\$ 152,849	\$ 865,502
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 41,329	\$ -	\$ 41,329
Due to other funds	106,056	-	106,056
Due to other governments	24,114	-	24,114
Total Liabilities	171,499	-	171,499
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	4,123	-	4,123
 FUND BALANCES			
Restricted:			
Capital projects	174,318	-	174,318
Economic environment	-	152,849	152,849
Unassigned	362,713	-	362,713
Total Fund Balances	537,031	152,849	689,880
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 712,653	\$ 152,849	\$ 865,502

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balance - governmental funds		\$ 689,880
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.		5,107,576
Some revenues are not available in the current period and, therefore, are not reported in the funds.		4,123
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.		
Compensated absences	\$ (21,081)	
Net other postemployment benefits liability	<u>(68,805)</u>	(89,886)
Net position of governmental activities		<u><u>\$ 5,711,693</u></u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	General Fund	CRA Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 178,791	\$ -	\$ 178,791
Licenses, permits and fees	3,486	-	3,486
Intergovernmental	517,947	-	517,947
Charges for services	433,184	-	433,184
Miscellaneous	91,744	152	91,896
Total Revenues	<u>1,225,152</u>	<u>152</u>	<u>1,225,304</u>
EXPENDITURES			
Current			
General government	439,137	-	439,137
Public safety	71,404	-	71,404
Physical environment	331,330	-	331,330
Transportation	114,966	-	114,966
Economic environment	-	175	175
Culture/Recreation	368,599	-	368,599
Capital outlay	407,223	-	407,223
Total Expenditures	<u>1,732,659</u>	<u>175</u>	<u>1,732,834</u>
Excess (deficiency) of revenues over expenditures	<u>(507,507)</u>	<u>(23)</u>	<u>(507,530)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in	581,435	-	581,435
Total Other Financing Sources (Uses)	<u>581,435</u>	<u>-</u>	<u>581,435</u>
Change in fund balances	73,928	(23)	73,905
Fund balance - beginning	463,103	152,872	615,975
Fund balances - ending	<u>\$ 537,031</u>	<u>\$ 152,849</u>	<u>\$ 689,880</u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balance - governmental funds \$ 73,905

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	407,223	
Depreciation	<u>(155,750)</u>	251,473

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This item represents the change caused by the "available" revenue recognition criteria. (148,191)

Compensated absences are not recorded in the fund financial statements. However, the obligation is recorded when earned in the government-wide financial statements. (3,607)

OPEB obligations are not recorded in the fund financial statements. However, the obligation is recorded when incurred in the government-wide financial statements. (8,811)

Change in net position of governmental activities \$ 164,769

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 180,000	\$ 180,000	\$ 178,791	\$ (1,209)
Licenses, permits and fees	2,900	3,550	3,486	(64)
Intergovernmental	524,065	525,036	517,947	(7,089)
Charges for services	426,549	436,006	433,184	(2,822)
Miscellaneous	98,440	98,118	91,744	(6,374)
Total Operating Revenues	<u>1,231,954</u>	<u>1,242,710</u>	<u>1,225,152</u>	<u>(17,558)</u>
EXPENDITURES				
Current				
General government	543,330	534,907	439,137	95,770
Public safety	111,429	93,665	71,404	22,261
Physical Environment	368,845	341,129	331,330	9,799
Transportation	128,598	128,598	114,966	13,632
Culture/Recreation	368,455	384,024	368,599	15,425
Capital outlay	512,886	543,817	407,223	136,594
Total Expenditures	<u>2,033,543</u>	<u>2,026,140</u>	<u>1,732,659</u>	<u>293,481</u>
Deficiency of revenues over expenditures	<u>(801,589)</u>	<u>(783,430)</u>	<u>(507,507)</u>	<u>275,923</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	801,589	783,430	581,435	(201,995)
Total Other Financing Sources (Uses)	<u>801,589</u>	<u>783,430</u>	<u>581,435</u>	<u>(201,995)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	73,928	<u>\$ 73,928</u>
Fund Balance - beginning			463,103	
Fund balance - ending			<u>\$ 537,031</u>	

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF NET POSITION- PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,904,116	\$ 371,547	\$ 1,673,204	\$ -	\$ 3,948,867
Restricted assets:					
Cash and cash equivalents	6,921,070	-	48,735	-	6,969,805
Accounts receivable, net	164,515	230,472	171,176	-	566,163
Other receivables	44,000	-	-	-	44,000
Prepaid expenses	1,046,357	-	7,372	-	1,053,729
Total Current Assets	<u>10,080,058</u>	<u>602,019</u>	<u>1,900,487</u>	<u>-</u>	<u>12,582,564</u>
NONCURRENT ASSETS					
Restricted assets:					
Cash and cash equivalents	9,050,320	786,733	45,055	-	9,882,108
Capital credit	-	917,189	-	-	917,189
Due from other funds	106,056	-	-	-	106,056
Advances to other funds	116,773	-	-	-	116,773
Prepaid bond insurance	5,083,486	-	-	-	5,083,486
Capital assets					
Land	-	28,350	162,150	-	190,500
Construction in progress	12,734	-	49,500	-	62,234
Structures and improvements	212,565,169	35,523	212,248	-	212,812,940
Apartment furniture and appliances	2,641,579	-	-	-	2,641,579
Transmission, distribution and collection plants	-	438,031	13,495,969	-	13,934,000
Machinery and equipment	8,607,066	227,574	433,084	-	9,267,724
Total Capital Assets	<u>223,826,548</u>	<u>729,478</u>	<u>14,352,951</u>	<u>-</u>	<u>238,908,977</u>
Less accumulated depreciation	(70,993,856)	(582,673)	(5,177,430)	-	(76,753,959)
Net Capital Assets	<u>152,832,692</u>	<u>146,805</u>	<u>9,175,521</u>	<u>-</u>	<u>162,155,018</u>
Total Noncurrent Assets	<u>167,189,327</u>	<u>1,850,727</u>	<u>9,220,576</u>	<u>-</u>	<u>178,260,630</u>
Total Assets	<u>\$ 177,269,385</u>	<u>\$ 2,452,746</u>	<u>\$ 11,121,063</u>	<u>\$ -</u>	<u>\$ 190,843,194</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF NET POSITION- PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
LIABILITIES AND NET POSITION (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,016,464	\$ 135,965	\$ 18,540	\$ -	\$ 1,170,969
Due to other funds	61,048	-	-	-	61,048
Due to other governments	-	5,310	56,694	-	62,004
Prepaid tenant rent	1,092,159	-	-	-	1,092,159
Compensated absences	-	2,646	8,309	-	10,955
Protective advance loan	33,252,427	-	-	-	33,252,427
Bond insurer advance	16,624,355	-	-	-	16,624,355
Payable from restricted assets:					
Customer security deposits and advances	-	169,410	45,055	-	214,465
Certificates of participation	915,000	-	-	-	915,000
Accrued interest	11,504,642	-	11,464	-	11,516,106
Revenue bonds and notes payable	4,028,138	-	60,543	-	4,088,681
Total Current Liabilities	<u>68,494,233</u>	<u>313,331</u>	<u>200,605</u>	<u>-</u>	<u>69,008,169</u>
NONCURRENT LIABILITIES					
Advances from other funds	-	-	-	116,773	116,773
Other postemployment benefits liability	-	15,158	23,735	-	38,893
Revenue bonds and notes payable, less current portion	116,283,485	-	4,240,087	-	120,523,572
Certificates of participation, less current portion	61,477,105	-	-	-	61,477,105
Total Liabilities	<u>246,254,823</u>	<u>328,489</u>	<u>4,464,427</u>	<u>116,773</u>	<u>251,164,512</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	(39,889,465)	146,805	5,017,875	-	(34,724,785)
Restricted for debt service	-	-	48,735	-	48,735
Restricted for capital projects	1,648,105	-	-	-	1,648,105
Restricted for renewal and replacement	-	617,323	-	-	617,323
Unrestricted net position (deficit)	(30,744,078)	1,360,129	1,590,026	(116,773)	(27,910,696)
Total Net Position (Deficit)	<u>\$ (68,985,438)</u>	<u>\$ 2,124,257</u>	<u>\$ 6,656,636</u>	<u>\$ (116,773)</u>	<u>\$ (60,321,318)</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION (DEFICIT) – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
OPERATING REVENUES					
Charges for services	\$ 31,895,180	\$ 1,953,131	\$ 1,358,311	\$ -	\$ 35,206,622
OPERATING EXPENSES					
Personal services	2,356,115	159,906	114,678	-	2,630,699
Cost of sales and services	-	1,413,552	542,659	-	1,956,211
Promotions and marketing	859,211	-	-	-	859,211
Telecommunication resale expense	757,867	-	-	-	757,867
Taxes and insurance	1,282,654	-	-	-	1,282,654
Contractual services	2,705,804	-	-	-	2,705,804
Utilities	2,802,846	-	-	-	2,802,846
Legal	14,165	-	-	-	14,165
Office expense	442,349	-	-	-	442,349
Repairs and maintenance	2,044,219	-	-	-	2,044,219
Miscellaneous	299,518	-	2,094	-	301,612
Depreciation	7,939,000	17,169	386,268	-	8,342,437
Total operating expenses	<u>21,503,748</u>	<u>1,590,627</u>	<u>1,045,699</u>	<u>-</u>	<u>24,140,074</u>
Operating income (loss)	<u>\$ 10,391,432</u>	<u>\$ 362,504</u>	<u>\$ 312,612</u>	<u>\$ -</u>	<u>\$ 11,066,548</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION (DEFICIT) – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
NON-OPERATING REVENUES (EXPENSES)					
Interest income	\$ 5,835	\$ 2,474	\$ 3,331	\$ -	\$ 11,640
Interest expense	(13,200,261)	-	(134,418)	-	(13,334,679)
Amortization of bond costs	(527,998)	-	-	-	(527,998)
Financing fees	(36,371)	-	-	-	(36,371)
Miscellaneous income	1,000	11,184	362	-	12,546
Total Non-operating Revenues (Expenses)	<u>(13,757,795)</u>	<u>13,658</u>	<u>(130,725)</u>	<u>-</u>	<u>(13,874,862)</u>
Income (Loss) Before Transfers	(3,366,363)	376,162	181,887	-	(2,808,314)
TRANSFERS					
Transfers out	-	(346,257)	(235,178)	-	(581,435)
Total Transfers	<u>-</u>	<u>(346,257)</u>	<u>(235,178)</u>	<u>-</u>	<u>(581,435)</u>
Change in Net Position	(3,366,363)	29,905	(53,291)	-	(3,389,749)
Total Net Position (Deficit) - Beginning, as restated (see Note 1)	<u>(65,619,075)</u>	<u>2,094,352</u>	<u>6,709,927</u>	<u>(116,773)</u>	<u>(56,931,569)</u>
Total Net Position (Deficit) - Ending	<u><u>\$(68,985,438)</u></u>	<u><u>\$ 2,124,257</u></u>	<u><u>\$ 6,656,636</u></u>	<u><u>\$ (116,773)</u></u>	<u><u>\$(60,321,318)</u></u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 31,509,706	\$ 1,948,186	\$ 1,372,851	\$ -	\$ 34,830,743
Cash paid to suppliers	(11,754,324)	(1,399,335)	(666,830)	-	(13,820,489)
Cash paid to employees	(2,356,115)	(157,907)	(115,098)	-	(2,629,120)
Net cash provided by operating activities	<u>17,399,267</u>	<u>390,944</u>	<u>590,923</u>	<u>-</u>	<u>18,381,134</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(346,256)	(235,177)	-	(581,433)
Other receipts (payments)	38,575	10,901	643	-	50,119
Net cash provided (used) by noncapital financing activities	<u>38,575</u>	<u>(335,355)</u>	<u>(234,534)</u>	<u>-</u>	<u>(531,314)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(975,999)	(42,759)	(119,598)	-	(1,138,356)
Interest paid	(10,503,199)	-	(134,418)	-	(10,637,617)
Proceeds from issuance of long-term debt	-	-	119,745	-	119,745
Principal payments on long-term debt	(4,520,000)	-	(101,374)	-	(4,621,374)
Trustee fees paid	(36,372)	-	-	-	(36,372)
Net cash (used) by capital and related financing activities	<u>\$ (16,035,570)</u>	<u>\$ (42,759)</u>	<u>\$ (235,645)</u>	<u>\$ -</u>	<u>\$ (16,313,974)</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and other income received	\$ 6,835	\$ 2,474	\$ 3,331	\$ -	\$ 12,640
Net cash provided by investing activities	<u>6,835</u>	<u>2,474</u>	<u>3,331</u>	<u>-</u>	<u>12,640</u>
Net increase in cash and cash equivalents	1,409,107	15,304	124,075	-	1,548,486
CASH AND CASH EQUIVALENTS , beginning of year	<u>16,466,399</u>	<u>1,142,976</u>	<u>1,642,919</u>	<u>-</u>	<u>19,252,294</u>
CASH AND CASH EQUIVALENTS , end of year	<u>\$ 17,875,506</u>	<u>\$ 1,158,280</u>	<u>\$ 1,766,994</u>	<u>\$ -</u>	<u>\$ 20,800,780</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Current assets - cash and cash equivalents	\$ 1,904,116	\$ 371,547	\$ 1,673,204	\$ -	\$ 3,948,867
Current assets - restricted cash and cash equivalents	6,921,070	-	48,735	-	6,969,805
Noncurrent assets - restricted cash and cash equivalents	9,050,320	786,733	45,055	-	9,882,108
Total Cash and Cash Equivalents	<u>\$ 17,875,506</u>	<u>\$ 1,158,280</u>	<u>\$ 1,766,994</u>	<u>\$ -</u>	<u>\$ 20,800,780</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF CASH FLOWS- PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds				Total
	CaPFA	Electric Fund	Water Fund	Non-Major Fund Affordable Housing	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 10,391,432	\$ 362,504	\$ 312,612	\$ -	\$ 11,066,548
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	7,939,000	17,169	386,268	-	8,342,437
Bad debt expense	-	3,352	(49,998)	-	(46,646)
Loss on capital credits	-	(2,763)	-	-	(2,763)
Changes in assets and liabilities					
(Increase) decrease in:					
Accounts receivable	(24,733)	(5,367)	63,233	-	33,133
Due to/from other governments	-	5,068	(1,382)	-	3,686
Prepaid expenses	(29,602)	-	(731)	-	(30,333)
Other assets	(30,771)	-	-	-	(30,771)
Increase (decrease) in:					
Accounts payable and accrued expenses	(516,089)	11,912	(119,964)	-	(624,141)
Customer deposits	-	(2,930)	1,305	-	(1,625)
Prepaid tenant rent	(329,970)	-	-	-	(329,970)
Compensated absences and OPEB liability	-	1,999	(420)	-	1,579
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 17,399,267	\$ 390,944	\$ 590,923	\$ -	\$ 18,381,134
NONCASH FINANCING ACTIVITIES					
Amortization of prepaid bond insurance, premiums, and discounts	\$ 564,560	\$ -	\$ -	\$ -	\$ 564,560

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Moore Haven, Florida (the "City") was incorporated in 1925 pursuant to Chapter 10923, Special Acts of 1925, Laws of Florida. An elected Mayor and four-member City Council (the "Council") govern the City. The City provides the following services to its residents: general government, public safety, physical environment, transportation, culture/recreation, student housing rental, affordable housing, electricity, and water services. The Council is responsible for legislative and fiscal control of the City.

The basic financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), applicable to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Statement No. 14, *The Financial Reporting Entity* (as amended) have been considered in determining the Agencies, Boards or Authorities to be presented with the City.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Under criteria established by GASB No. 14 (as amended), component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: 1) the board of the component unit is substantially the same as that of the primary government or 2) the component unit serves the primary government exclusively.

Blended Component Units

The Moore Haven Redevelopment Agency (the "CRA"), although an entity legally separate from the City, is governed by the City Council. In 2004, Ordinance 241, as amended by Ordinance 284, created the CRA pursuant to section 163.357 of the Florida statutes. The governing body of the CRA is the City Council. Therefore for financial reporting purposes, the CRA is reported as a special revenue fund in the City's financial statements.

The Affordable Housing Finance Authority (the "Authority") is an entity that is legally separate from the City; however, because the governing bodies are the same, the entity is blended with the primary government under the business-type activities. There has been only limited financial activity since inception for the Authority; consequently, no separately issued financial statements are prepared.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Blended Component Units (Continued)

The Capital Projects Finance Authority (CaPFA) and three special purpose corporations acting as instrumentalities of CaPFA: the CaPFA Capital Corp. 1998B, the CaPFA Capital Corp. 2000F, and the CaPFA Capital Corp. 2010A are also legally separate entities; however, the governing bodies are the same. These entities are blended with the primary government under the business-type activities. CaPFA Capital Corp. 1998B had no balances and no activity for the year ended September 30, 2014 and is therefore not included in the segment information reported in Note 12. Separately issued audited financial statements for CaPFA Capital Corp. 2000F can be obtained from the City Clerk at 299 Riverside Drive, Moore Haven, Florida 33471.

Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements along with the notes to the financial statements. The focus of the financial statements is on either the City as a whole or major individual funds (within the fund financial statements).

Government-Wide and Fund Financial Statements

The government-wide statement of net position and statement of activities report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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 given function or segment; 2) grants and contributions that are restricted to meeting the operating requirements of a particular function or segment; and 3) grants and contributions that are restricted to meeting capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

The net cost by function is normally covered by general revenue (property taxes, utility taxes, franchise fees, licenses and permits, certain intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Government-Wide and Fund Financial Statements (Continued)

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when an enforceable lien exists and when levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

Property taxes, franchise and utility taxes, intergovernmental revenues when eligibility requirements have been met, licenses, charges for services, contributions and investment earnings associated with the current fiscal period are all considered to be measurable and have been recognized as revenues of the current fiscal period, if available. Permits, fines and forfeitures, and miscellaneous revenues are considered measurable only when cash is received by the government.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement Focus and Basis of Accounting (Continued)

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds are charges to customers for sales and services and rents. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GASB No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City's major funds are presented in separate columns on the governmental fund financial statement and the proprietary fund financial statement. The funds that do not meet the criteria of a major fund are considered nonmajor funds and are combined into a single column in the fund financial statements and detailed in the combining section.

The focus of Governmental Fund measurement (in the Fund Financial 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 major Governmental Funds of the City:

General Fund – This fund is the general operating fund of the City. It is used to account for all revenues and expenditures except those required to be accounted for in another fund. The activities accounted for in the fund include general government public safety, transportation, physical environment, and culture and recreation.

CRA Fund – This fund is a special revenue fund and is used to account for the operations and resources related to the City of Moore Haven Community Redevelopment Area.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Presentation (Continued)

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major Proprietary Funds of the City:

CaPFA – This fund is used to account for the income and expenses of financing and operating apartment facilities within the area of the University of Central Florida and the construction and rental of a high school in Guam.

Water Fund – This fund is used to account for the income and expenses of operating the City's water system.

Electric Fund – This fund is used to account for the income and expenses of operating the City's electric system.

Additionally the City reports the following nonmajor fund:

Affordable Housing – This fund is used to account for the income and expenses of financing and operating affordable housing facilities.

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

Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses

Cash and Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash and have a maturity of no longer than three months at the date of purchase.

Restricted Cash and Investments

Pursuant to bond documents, the City is required to maintain certain amounts from bond proceeds and operations as restricted for debt service. For purposes of cash flow statement reporting, the City considers restricted cash as cash and cash equivalents.

Accounts Receivable

Accounts receivable for the governmental, electric, and water are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable for the year ended September 30, 2014 were \$7,080, \$34,087, and \$3,564 for the governmental, electric, and water activities, respectively. For the year ended September 30, 2014, uncollectible amounts netted with revenues were \$2,292, \$3,352, and \$(49,998) for the governmental, electric, and water activities, respectively. For water and electric receivables, the City discontinues service if the receivable is not paid after a certain period of time.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses
(Continued)**

Accounts Receivable (Continued)

Accounts receivable associated with student housing uses an allowance that is based on historical experience based on the age of such receivables. After a tenant has vacated the property, collection efforts are turned over to a collection agency. The allowance for uncollectible accounts netted with accounts receivable for the year ended September 30, 2014 was \$-0-.

Restricted Assets

These assets represent cash and cash equivalents and investments set aside to meet obligations under the terms of the outstanding revenue bonds, customer deposits, or other legal commitments.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City has elected to treat these items under the purchase method for the governmental fund financial statements. As such, the costs are recognized immediately as expenditures when purchased.

Prepaid Bond Insurance

Costs incurred related to the advance payment of bond insurance are being amortized using the effective interest method over the term of the bonds.

Capital Credits

As a member of the Glades County Electric Cooperative (the "Cooperative"), the City of Moore Haven is entitled to share in the net earnings of this nonprofit organization. The City accounts for its share of the net earnings on the cost basis method. The City's interest in the Cooperative is 3.5%. The Cooperative accumulates these credits on behalf of each of its members, with distribution being made upon termination of membership or upon the Co-op's fulfillment of their debt requirements with the Rural Electric Administration (REA) and the National Rural Utilities Cooperative Finance Corporation (CFC) Mortgages.

Charges for Services

Charges for services include rental income from student housing and a high school in Guam, and fees earned for electric services and water services.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses
(Continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (which includes roads, bridges, sidewalks, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not known. Contributed assets are recorded at estimated fair value at the time received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during construction phase of capital assets of business-type activities and enterprise funds is included as part of the capitalized cost of the assets constructed.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives assigned to various categories of assets are as follows:

	<u>Years</u>
Structures and improvements	7 - 40
Apartment furniture and appliances	3 - 7
Transmission, distribution, and collection plants	20 - 40
Machinery and equipment	3 - 12
Infrastructure	20

The cost of assets retired or sold, together with the accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

Deferred Inflows of Resources

Deferred inflows of resources include amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion (availability) has not been met.

Prepaid Tenant Rent

The prepaid tenant rent balance represents the amounts received from tenants for rent and other charges in advance that relate to a period after September 30, 2014.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the City. The accumulated compensated absences are accrued when incurred in the government-wide financial statements and proprietary funds for both the current and long-term portions.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses
(Continued)**

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond Premiums and Discounts

The premiums and discounts on the revenue bonds are being amortized using the effective interest method over the term of the bonds.

Fund Balance

The City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" in the current year. Accordingly, in the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Non-Spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the City Council, the City's highest level of decision making authority. Commitments may be changed or lifted only by the City Council taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned Fund Balance – Includes spendable fund balance amounts established by the administration of the City that are intended to be used for specific purposes that are neither considered restricted or committed.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses
(Continued)**

Fund Balance (Continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for the general fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City expends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

The City's policy is to maintain an adequate general fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flows, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to identify the available resources to pay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the City, in accordance with policies established by the City Council. The City Council adopted a financial standard to maintain a general fund minimum unassigned fund balance of 17% of general fund operating expenditures.

Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to property, plant, and equipment net of depreciation and net of any outstanding debt related to the acquisition or construction of the asset. The restricted net position represents the balance of assets restricted by bond requirements and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position is available for any project purpose. A deficit will require future funding.

Lease Revenue

Rent revenues for CaPFA Capital Corp. 2000F are recognized monthly over the term of the lease agreements which are semester, academic term, or one year in duration.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses
(Continued)**

Interfund Transactions

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund. Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements. Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" or "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advertising

Advertising costs are expensed as incurred.

Accounting Estimates

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

Change in Accounting Principle

During the fiscal year ended September 30, 2014 the City implemented the provisions of GASBS No. 65, *Items Previously Reported as Assets and Liabilities*. Debt issuance costs were previously reported as an asset and recognized systematically as an expense over the life of the related debt. Debt issuance costs, except those related to prepaid bond insurance, are now recognized as an expense in the period incurred. As a result of the implementation of GASBS No. 65, the beginning net position of the business-type activities and CaPFA was restated by \$5,330,763.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. Property values are assessed on a county-wide basis as of January 1 of each year. Tax bills are mailed for the City by Glades County on or about October 1 (the levy date) of each year and are payable with discounts of up to 4% offered for early payment. The City's levy becomes an enforceable claim on November 1. Taxes become delinquent on April 1 of the year following the year of assessment and state law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-earning tax certificates to satisfy unpaid property taxes. The City is subject to certain limitations on millage rate assessments as defined by state statutes.

NOTE 3 BUDGETARY INFORMATION

Florida Statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Council adopts an annual operating budget and appropriates funds only for the General Fund. The procedures for establishing budgetary data are as follows:

By July 1st of each year, the Property Appraiser certifies the tax roll for the City on form DR-420. This tax roll is used in formulating the proposed millage rate for the coming year. Thereafter the following time table must be adhered to:

- a. Within 35 days, the City Clerk must have submitted the proposed budget to Council and delivered form DR-420 to the Property Appraiser.
- b. Between 65-80 days from the date of certification (September 3-18), the City must hold a tentative budget and millage hearing. Budget hearings can not be held sooner than 10 days following the mailing of notices by the Property Appraiser (August 24th).
- c. Within 15 days of the tentative budget and millage hearing (September 18 - October 3), the City must advertise a final hearing on the budget.
- d. Not less than 2 or more than 5 days after the advertisement (September 20 - October 8), a final hearing adopting the budget and millage is held.
- e. Within 3 days after adoption, the City must certify the adopted millage to the Property Appraiser and Tax Collector.
- f. Within 3 days after the receipt of final value, as discussed below, the City Clerk completes form DR-422 and returns it to the Property Appraiser.
- g. Within 30 days of final millage and budget adoption, the City must certify compliance with Section 200.065 and 200.068, Florida Statutes, to the Department of Revenue.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 3 BUDGETARY INFORMATION (CONTINUED)

The adopted budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Council also adopts a non-appropriated operating budget for the Electric Fund and Water Fund on a basis consistent with generally accepted accounting principles, except that depreciation is not budgeted.

Total expenditures may not legally exceed total appropriations at the fund level. The Council may amend the current year's budget appropriation by passage of a budget amendment resolution after conducting one public hearing on the matter. Unexpended appropriations lapse at year-end.

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS

As of September 30, 2014, the City's cash and investments were as follows:

Deposits with financial institutions	\$ 7,480,985
Investments treated as cash equivalents	14,009,456
Cash on hand	4,500
	\$ 21,494,941

Reconciliation to the financial statement:

Cash and cash equivalents	\$ 4,315,861
Restricted cash and cash equivalents	17,179,080
	\$ 21,494,941

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. CaPFA Capital Corp 2000F and CaPFA Capital Corp. 2010A do not have a deposit policy for custodial credit risk. The City's policy is to follow Florida Statutes, which authorize the deposit of funds in demand deposits or time deposits of financial institutions approved by the Florida Chief Financial Officer as qualified public depositories. These are defined as public deposits. The City and CaPFA Capital Corp. 2000F's deposits are held in qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof and, therefore, the City is not exposed to custodial credit risk for its deposits.

CaPFA 2000F deposit accounts with a carrying value of \$313,830 and a bank balance of \$79,898 was FDIC insured, but held by the trustee by in the trustee's name.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

The City does not have a written investment policy and as such, its practice is to follow Florida Statute 218.415, which limits the types of investments that a local government may invest in. Local governments electing not to adopt a written investment policy in accordance with policies developed by the state may only invest surplus public funds in the state pool or similar, highly rated money market funds, time deposits, savings accounts, or direct obligations of the U.S. Treasury. Florida Statute 218.415 does not apply to the investment of funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.

The Trust Indenture for the outstanding bonds and certificates of participation, as listed in Note 7, defines eligible investments for CaPFA Capital Corp. 2000F and CaPFA Capital Corp. 2010A. The investments listed below are eligible investments per the Trust Indentures:

Investment Type	Fair Value	Investment Maturities Less Than One Year
US Bank Money Market Account	\$ 8,877,091	\$ 8,877,091
Federated Government Obligation Fund	5,132,365	5,132,365
	\$ 14,009,456	\$ 14,009,456

Investments in Securities and Exchange Commission registered money market funds (US Bank Money Market Account) are not evidenced by securities that exist in physical or book form and, therefore, disclosures for interest rate risk, concentration of credit risk, and custodial credit risk are not applicable.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in the market interest rates. CaPFA Capital Corp. 2000F and CaPFA Capital Corp. 2010A do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a credit quality rating by a nationally recognized statistical rating organization. CaPFA Capital Corp. 2000F and CaPFA Capital Corp. 2010A have no investment policy that would further limit its investment choices.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of September 30, 2014, CaPFA Capital Corp. 2000F and CaPFA Capital Corp. 2010A's investments were rated as follows:

Investment Type	Moody's Investors Services	Standard & Poor's
US Bank Money Market Account	P-1	A-1+
Federated Government Obligation Fund	Aaa-mf	AAAm

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. CaPFA Capital Corp. 2000F and CaPFA Capital Corp. 2010A place no limit on the amount that may be invested in any one issuer. All of CaPFA 2000F's investments are held in US Bank Money Market Accounts.

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, is summarized as follows:

<u>Governmental activities:</u>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 268,847	\$ 6,469	\$ -	\$ 275,316
Construction in progress	3,332,580	48,640	3,332,580	48,640
Total capital assets not being depreciated	3,601,427	55,109	3,332,580	323,956
Capital assets being depreciated:				
Infrastructure	6,336,687	2,862,566	-	9,199,253
Structures and improvements	833,608	708,328	-	1,541,936
Machinery and equipment	1,080,835	113,800	4,949	1,189,686
Total capital assets being depreciated	8,251,130	3,684,694	4,949	11,930,875
Less accumulated depreciation for:				
Infrastructure	6,098,996	15,509	-	6,114,505
Structures and improvements	284,020	50,200	-	334,220
Machinery and equipment	613,438	90,041	4,949	698,530
Total accumulated depreciation	6,996,454	155,750	4,949	7,147,255
Capital assets being depreciated, net	1,254,676	3,528,944	-	4,783,620
Governmental activities capital assets, net	\$ 4,856,103	\$ 3,584,053	\$ 3,332,580	\$ 5,107,576

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 CAPITAL ASSETS (CONTINUED)

<u>Business-type activities:</u>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 190,500	\$ -	\$ -	\$ 190,500
Construction in progress	-	62,234	-	62,234
Total capital assets not being depreciated	190,500	62,234	-	252,734
Capital assets being depreciated:				
Structures and improvements	212,665,254	201,900	54,214	212,812,940
Apartment furniture and appliances	2,154,164	797,265	309,850	2,641,579
Transmission, distribution and collection plants	13,891,241	42,759	-	13,934,000
Machinery and equipment	9,233,524	160,059	125,859	9,267,724
Total capital assets being depreciated	<u>237,944,183</u>	<u>1,201,983</u>	<u>489,923</u>	<u>238,656,243</u>
Less accumulated depreciation for:				
Structures and improvements	60,071,140	6,032,197	54,214	66,049,123
Apartment furniture and appliances	765,455	604,306	309,850	1,059,911
Transmission, distribution and collection plants	4,720,990	374,778	-	5,095,768
Machinery and equipment	3,218,001	1,331,156	-	4,549,157
Total accumulated depreciation	<u>68,775,586</u>	<u>8,342,437</u>	<u>364,064</u>	<u>76,753,959</u>
Capital assets being depreciated, net	<u>169,168,597</u>	<u>(7,140,454)</u>	<u>125,859</u>	<u>161,902,284</u>
Business-type activities capital assets, net	<u>\$169,359,097</u>	<u>\$ (7,078,220)</u>	<u>\$ 125,859</u>	<u>\$162,155,018</u>

Depreciation expense was charged to function/program as follows:

<u>Governmental activities:</u>	
General government	\$ 22,408
Public safety	250
Physical environment	70,513
Transportation	8,088
Culture and recreation	54,491
Total depreciation expense, governmental activities	<u>\$ 155,750</u>

<u>Business-type activities:</u>	
CaPFA	\$ 7,939,000
Electric	17,169
Water	386,268
Total depreciation expense, business-type activities	<u>\$ 8,342,437</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Pursuant to bond resolution, CaPFA leases the land of the project associated with the CaPFA Capital Corp. 2000F from the Knight's Crossing Student Housing, LLC for \$10 per year, plus any residual profits. Knight's Crossing Student Housing, LLC is a single member Florida Limited Liability Company, the sole member of which is the University of Central Florida Foundation, Inc. The lease, dated December 1, 2000, is for a term ending after the bonds are paid or 40 years, whichever is sooner. CaPFA 2000F holds title of the buildings on the leased land. Title to the buildings will revert to the Knight's Crossing Student Housing, LLC after the bonds mature and are paid in full.

As indicated in Note 1, the buildings and certain building improvements are being depreciated over 40 years which exceed the final maturity of the bonds. This will result in a residual value in those assets of approximately \$37,000,000 at the date the bonds mature. The residual value will be considered a contribution to Knight's Crossing Student Housing, LLC when the title to the assets reverts.

NOTE 6 INVESTMENT IN GLADES COUNTY ELECTRIC COOPERATIVE

As a member of the Glades County Electric Cooperative, the City of Moore Haven is entitled to share in the net earnings of this nonprofit organization. The Cooperative accumulates these credits on behalf of each of its members, with distribution being made upon termination of membership or upon the Co-op's fulfillment of their debt requirements with the Rural Electric Administration (REA) and the National Rural Utilities Cooperative Finance Corporation (CFC) Mortgages. Under the current debt requirements, the City should not expect to receive distributions for at least another 10 years. At September 30, 2014, the amount of the credit balance computed by the Cooperative was \$917,189.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS

Changes in long-term debt for the year ended September 30, 2014 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 17,474	\$ 24,773	\$ 21,166	\$ 21,081	\$ 21,081
Net OPEB obligation	59,994	8,811	-	68,805	-
Governmental fund total	\$ 77,468	\$ 33,584	\$ 21,166	\$ 89,886	\$ 21,081
Business-type activities:					
Revenue bonds	\$128,195,182	\$ 168,440	\$ 3,751,369	\$ 124,612,253	\$ 4,088,681
Certificates of participation	63,225,543	36,562	870,000	62,392,105	915,000
Compensated absences	15,181	14,870	19,096	10,955	10,955
Net OPEB obligation	33,088	5,805	-	38,893	-
Business-type fund total	\$191,468,994	\$ 225,677	\$ 4,640,465	\$ 187,054,206	\$ 5,014,636

Governmental Activities

Compensated absences: This amount represents the City's long-term liability for earned and unpaid vacation benefits as of September 30, 2014, which is not expected to be paid with current available resources.

Business-type Activities

Student Housing Revenue Bonds: The Revenue bonds are payable from and collateralized by revenue derived from the operation of the CaPFA 2000F project, which is a student housing facility.

Bond covenants require CaPFA 2000F to maintain certain account balances and fees so that the funds available in each fiscal year will be sufficient based on stated ratios, to meet the payment and operating expenses, current debt service, and reserve requirements as defined in the bond documents.

Water Revenue Bonds Payable: The revenue bonds are payable from and collateralized by revenue derived from the operation of the water system and, accordingly, are recorded in the enterprise fund.

Bond covenants require the Water Fund to maintain certain account balances and fees so that the funds available in each fiscal year will be sufficient based on stated ratios, to meet the payment and operating expenses, current debt service, and reserve requirements as defined in the bond documents.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Certificates of Participation - John F. Kennedy High School Project. The certificates of participation are payable from and collateralized by revenue derived from leasing the CaPFA 2010A project, which is a high school, to the government of Guam.

Certificate covenants require CaPFA 2010A to maintain certain account balances and fees so that the funds available in each fiscal year will be sufficient based on stated ratios, to meet the payment and operating expenses, current debt service, and reserve requirements as defined in the certificate of participation documents.

The long-term debt at September 30, 2014 is summarized as follows:

	Balance
Senior Series 2000F-1, \$150,740,000, due in annual installments ranging from \$455,000 to \$19,130,000 through October 1, 2031. Interest ranging from 3.3% to 5.5% per annum is payable on April 1 and October 1 of each year.	\$ 120,650,000
Subordinate Series G, \$6,045,000, due in annual installments ranging from \$100,000 to \$1,445,000 through October 1, 2011. The October 1, 2011 payment was not made in full. Interest at 9.125% per annum is payable on the outstanding balance.	178,138
Certificates of Participation Series 2010A, \$65,735,000, due in annual installments ranging from \$385,000 to \$4,960,000 through December 12, 2040. Interest ranging from 5.5% to 6.875% per annum is payable on June 1 and December 1 of each year.	63,260,000
Water and Sewer Revenue Bond - \$4,402,000 Water Revenue Bonds, Series 2009, due in annual installments ranging from \$61,971 to \$193,475 through September 1, 2052. Interest of 3.125% is payable annually on September 1 of each year. The bond is collateralized by a lien on revenues of the water system.	4,300,630
Total Debt	188,388,768
Add: Bond Premiums	900,015
Less: Bond Discounts	(2,284,425)
	187,004,358
Current Maturities	(5,003,681)
Total long-term debt net of bond discounts, bond premiums, and current maturities	\$ 182,000,677

The total interest expensed for the year ended September 30, 2014 was \$13,334,679.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,003,681	\$ 10,497,621	\$ 15,501,302
2016	5,102,435	10,098,766	15,201,201
2017	5,374,386	9,825,077	15,199,463
2018	5,671,398	9,518,528	15,189,926
2019	5,993,473	9,203,621	15,197,094
2020-2024	35,100,833	40,771,308	75,872,141
2025-2029	45,503,344	30,177,241	75,680,585
2030-2034	49,806,252	15,980,883	65,787,135
2035-2039	19,261,286	7,351,718	26,613,004
2040-2044	10,210,464	1,025,508	11,235,972
2045-2049	811,137	163,554	974,691
2050-2053	550,079	34,732	584,811
	<u>\$188,388,768</u>	<u>\$ 144,648,557</u>	<u>\$333,037,325</u>

Provisions of Revenue Bond Resolutions – CaPFA 2000F

Bond covenants require CaPFA 2000F to maintain certain account balances and fees so that the funds available in each fiscal year will be sufficient (based on stated ratios) to meet the payment of operating expenses, current debt service, and reserve requirements. Certain bond covenants are noted below:

Revenue Fund

The provisions of the bond documents require CaPFA 2000F to establish a Revenue Fund. All operating revenues received by CaPFA 2000F are deposited into this fund then disbursed as outlined in the bond documents. The balance in the Revenue Fund at September 30, 2014 was \$-0-.

Debt Service Reserve Requirement

Senior Series 2000F-1: \$10,036,050, which is defined as the maximum annual debt service to be paid on each of the outstanding Senior Series 2000F-1 bonds (excluding the last year in which debt service is paid on such Bonds) at issuance, provided that such requirement shall not exceed the lesser of (i) 125% of the average annual Debt Service Requirement on the Bonds or (ii) 10% of the proceeds of the Bonds. The balance of this account was \$154,328 as of September 30, 2014.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Revenue Bond Resolutions – CaPFA 2000F (Continued)

Reserve for Renewal and Replacement

Defined as an amount equal to \$200 per bed per year (adjusted annually by the Consumer Price Index) is deposited into this account, which may be used for repairing and replacing equipment, fixtures and furnishings, or any repair or replacement related to the project to meet minimum requirements. Amounts on hand in this fund may be used to cure deficiencies in other sinking funds to the extent pledged revenues are not sufficient to meet minimum requirements. The balance in this account at September 30, 2014 was \$36,176.

Escrow Fund

This fund was created in and required by the 2004 First Supplemental Indenture. The funds in this account are to be invested in permitted investments with earnings to be deposited, when received, in the Revenue Fund. Beginning on April 1, 2007, amounts equal to \$175,000 will be transferred to the Revenue Fund on the business day prior to each interest payment date. The balance in the Escrow Fund at September 30, 2014 was \$1,025.

Bond Fund

There are two separate accounts created with the Bond Fund: a) the Principal account and b) the Interest account. Monies are required to be held in these funds for the payments of principal and interest should any shortfalls occur in the other funds. The balance in these accounts at September 30, 2014 was \$6,921,068.

Trap Fund

The Trap Fund was created in and required by the 2013 Fourth Supplemental Indenture. The funds in this account are to be used to cover any shortfall in the bond fund and then to pay interest and principal on the Bond Insurer Claim Note and the Protective Advance Note. The balance at September 30, 2014 was \$-0-.

Surplus Fund

CaPFA 2000F is required to create and deposit monies into the Surplus Fund. Amounts in the Surplus Fund are to be applied to the following items by the Trustee: a) to satisfy any deficiencies in the application of pledged revenues, b) to pay the Trustee and CaPFA 2000F certain costs and amounts when due, c) to pay the project owner fee, and d) to pay the manager. The balance in the Surplus Fund at September 30, 2014 was \$9.

Prepaid Rent Fund

This fund is a required sub-account of the Revenue Fund. The debt agreements provide the Trustee with a schedule that details the amounts and times that the prepaid rent deposits are to be paid. The balance in the prepaid Rent Fund at September 30, 2014 was \$669,092.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Revenue Bond Resolutions – CaPFA 2000F (Continued)

Release Test/ Rate Covenant

The bond documents provide that the borrower will charge and maintain rates for the units which will provide: i) Net Revenues Available for Debt Service, less Repair and Replacement Reserve, at least equal to 120% of the Bond Service Charges due in such fiscal year on all Senior Bonds outstanding, and ii) Provide Net Revenues available for debt service in each fiscal year plus the amount in Operating Fund on the first day of such fiscal year which are at least 110% of Bond Service Charge due in such fiscal year on all bonds then outstanding. In addition, a Surplus Fund is created in which any excess funds, after all expenses have been paid and all sinking fund requirements have been met are deposited. Upon satisfying certain requirements, known as the "Release Test," including those listed above, the Trustee will release to CaPFA 2000F the Surplus Funds for distribution to the Knight's Crossing Student Housing, LLC.

Provisions of Certificates of Participation Resolutions – CaPFA 2010A

Bond covenants require CaPFA 2010A to maintain certain account balances and fees so that the funds available in each fiscal year will be sufficient (based on stated ratios) to meet the payment of operating expenses, current debt service, and reserve requirements. Certain bond covenants are noted below:

Holding Fund

The provisions of the certificate of participation documents require CaPFA 2010A to establish a Holding Fund. All aggregate base rental payments (net of amounts held in the Capitalized Interest Account) received by CaPFA 2010A are deposited into this fund then disbursed as outlined in the certificate of participation documents. The balance in this account at September 30, 2014 was \$1.

Revenue Fund

The provisions of the certificate of participation documents require CaPFA 2010A to establish a Revenue Fund. All additional rentals received by CaPFA 2010A are deposited into this fund then disbursed as outlined in the certificate of participation documents. The balance in the Revenue Fund at September 30, 2014 was \$-0-.

Capitalized Interest Account

At closing, a portion of the proceeds of the Certificates will be deposited in the Capitalized Interest Account. The monies on deposit therein shall be used for the payment of interest represented by the Certificates and are to be transferred by the Trustee from the Capitalized Interest Account to the Interest Fund, on each date that is five business days prior to each Base Rental payment date to and including December 1, 2011, in the amounts specified in the Trust Agreement. The balance in this account at September 30, 2014 was \$-0-.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Certificates of Participation Resolutions – CaPFA 2010A (Continued)

Certificate Payment Fund

There are three separate accounts created with the Certificate Payment Fund: a) the Principal Fund, b) the Interest Fund, and c) the Redemption Fund. CaPFA 2010A is required to create and deposit monies into the Certificate Payment Fund. Amounts in the Certificate Payment Fund are to be applied to the following items by the Trustee: a) pay interest represented by the Certificates as it becomes due and payable, b) pay principal represented by the Certificates or Mandatory Sinking Fund Payments when due and payable, and c) paying interest and principal represented by Certificates to be prepaid as provided in the Trust. The balance in these accounts at September 30, 2014 was \$-0-.

Certificate Debt Service Reserve Fund

The provisions of the certificate of participation documents require CaPFA 2010A to establish a Certificate Debt Service Reserve Fund. The reserve requirement is \$5,131,938, which is defined as an amount equal to the greater of (i) maximum annual Base Rentals due on all Outstanding Certificates, or (ii) such greater amount as maybe provided by a supplemental trust agreement providing for the issuance of additional certificates. The balance of this account was \$5,132,371 as of September 30, 2014.

Insurance and Maintenance Fund

The provisions of the certificate of participation documents require CaPFA 2010A to establish an Insurance and Maintenance Fund. Deposits into the Insurance and Maintenance Fund consist of Additional Rentals and any Base Rentals in excess of the amounts required to be transferred to the Certificate Payment Fund or the Certificate Debt Service Reserve Fund, an amount equal to the upcoming year's budget for the payment of certain expenses relating to the Project meeting the applicable requirements of the Lease and determined pursuant to the procedures described in the Lease and the Maintenance Agreement. Monies in the Insurance and Maintenance Fund are to be used and withdrawn by the Trustee for the purpose of paying Project-related costs including, but not limited to, annual fees of the Trustee and the Lessor and taxes (if any) relating to insurance for, and maintenance of, the Project in accordance with the Lease and determined pursuant to the procedures described in the Lease and the Maintenance Agreement. The balance in this account at September 30, 2014 was \$104,884.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Certificates of Participation Resolutions – CaPFA 2010A (Continued)

Capital Replacement Reserve

The provisions of the certificate of participation documents require CaPFA 2010A to establish a Capital Replacement Reserve. Deposits into the Capital Replacement Reserve consist of Additional Rentals and any Base Rentals in excess of the amounts required to be transferred to the Certificate Payment Fund, the Certificate Debt Service Reserve Fund, or the Insurance and Maintenance Fund, a maximum deposit of \$389,500 for such Fiscal Year; provided that no such deposit shall be required after the balance on deposit in the Capital Replacement Reserve reaches \$1,947,500. Amounts on hand in this fund may be used for the purpose of paying costs of maintenance of the Project, including but not limited to the replacement of major capital items of the Project, including but not limited to and unanticipated, unbudgeted, or emergency repairs of and emergency replacements for the Project pursuant to the procedures described in the Lease and the Maintenance Agreement. The balance in this account at September 30, 2014 was \$988,844.

Surplus Fund

The provisions of the certificate of participation documents require CaPFA 2010A to establish a Surplus Fund. Amounts on deposit in the Surplus Fund are to be disbursed or deposited to or upon the order of the Lessee on any date. The balance in the Surplus Fund at September 30, 2014 was \$-0-.

Project Fund

There are three separate accounts created with the Project Fund: a) the Construction Account, b) the Other Projects Costs Account, and c) the Costs of Issuance Account. At closing, a portion of the proceeds of the Certificates will be deposited in the Project Fund. Amounts on deposit in the Costs of Issuance Account shall be withdrawn and used solely for the payment of costs incurred in connection with the initial execution and delivery of the Certificates. Amounts on deposit in the Costs of Issuance Account one hundred and eighty (180) days after delivery of the Certificates shall be transferred to the Other Project Costs Account and the Costs of Issuance Account shall be closed. All monies in the Project Fund and the Construction and Other Project Costs Accounts therein shall be held by the Trustee in trust and applied by the Trustee to the payment of Project Costs (or for making payments or reimbursements to Lessor or Lessee or any other person, firm, or corporation for such costs theretofore paid thereby), at the written request of the Lessor made in accordance with the Trust Agreement. The balance in these accounts at September 30, 2014 was \$-0-.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Certificates of Participation Resolutions – CaPFA 2010A (Continued)

Rebate Fund

The provisions of the certificate of participation documents require CaPFA 2010A to establish a Rebate Fund. There shall be deposited by the Trustee in the Rebate Fund such amounts as are required to be deposited pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. The balance in this account at September 30, 2014 was \$-0-.

Provisions of Revenue Bond Resolutions – Water Fund

Bond covenants require the City to maintain certain account balances and fees so that the funds available in each fiscal year will be sufficient (based on stated ratios) to meet the payment of operating expenses, current debt service, and reserve requirements. Certain bond covenants are noted below:

Revenue Fund

The provisions of the bond documents require the issuer to establish a Revenue Fund. All operating revenues received by the Water Fund are required to be deposited into this fund then disbursed as outlined in the bond documents. The balance in the Revenue Fund at September 30, 2014, was \$788.

Third Subordinate Debt Service Fund

The bond documents require the issuer to establish a Third Subordinate Debt Service Fund to be exclusively used for the purpose paying principal and interest on the Bonds as they become due and payable. On or before the 20th day of each month, the Issuer is required to transfer from the Revenue Fund an amount equal to 1/12 of the principal maturing on the next succeeding principal payment date, along with 1/12 the annual interest on the interest becoming due on the next succeeding interest payment date. The balance in the Third Subordinate Debt Service Fund at September 30, 2014, was \$51,692.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Revenue Bond Resolutions – Water Fund (Continued)

Third Subordinate Reserve Fund

The bond documents require the Issuer shall deposit to the credit of the Third Subordinate Reserve Fund, on or before the 20th day of each month, an amount equal to 1/120 of the Reserve fund Requirement until such time as the amount on deposit in the Third Subordinate Reserve Fund equals the Reserve Fund Requirement, and monthly thereafter, such amount as shall be necessary to maintain the amount on deposit in the Third Subordinate Reserve Fund in an amount equal to the Reserve Fund Requirement, provided that the maximum amount required to be deposited in any single calendar month shall not exceed 1/120 of the Reserve Fund Requirement. Amounts on deposit in the Third Subordinate Reserve Fund shall be used only for the purpose of making payments into the Third Subordinate Debt Service Fund when the monies available therein shall be insufficient to pay principal and interest on the Bonds. Investments on deposit in the Third Subordinate Reserve Fund shall be valued at least annually on each principal payment date at the fair market value thereof. Investments on deposit in the Third Subordinate Reserve Fund shall be retained therein until the amount of money on deposit therein equals the Reserve Fund Requirement, and thereafter such earnings shall be deposited in the Third Subordinate Debt Service Fund and applied in the manner established for the application of funds therein. The "Reserve Fund Requirement" shall mean the lesser of (i) the maximum amount of principal and interest scheduled to become due on the Bonds in the current or any succeeding Bond Year; (ii) 125% of the average annual debt service on the Bonds calculated at the date of issuance; or (iii) 10% of the proceeds of the Bonds. The Reserve Fund Requirement as of September 30, 2014 was calculated to be \$32,490. The balance in the Third Subordinate Reserve Account at September 30, 2014 was \$142,984.

Operation and Maintenance Fund

The bond documents require the Issuer to establish an Operation and Maintenance Fund to be used exclusively for the purpose of receiving funds to be transferred monthly by the Issuer from the Revenue Fund, and for paying, as they accrue, the Current Expenses of the system pursuant to the Annual Budget. After having made the deposits to the Sinking Fund as noted above, the Issuer shall transfer on or before the 15th day of each month from the Revenue Fund and deposit to the credit of the Operation and Maintenance Fund a sum sufficient to pay the Current Expenses of the system for the current month, all in accordance with the Annual Budget. Any balance remaining in the Operation and Maintenance Fund at the end of the fiscal year and not required to pay costs incurred during said fiscal year shall be deposited promptly into the Third Subordinate Debt Service Fund. The balance in the Operation and Maintenance Fund at September 30, 2014 was \$-0-.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 8 PROTECTIVE ADVANCE AGREEMENT

CaPFA 2000F entered into an agreement with the National Public Finance Guarantee Corporations (the "Bond Insurer") to advance funds in an amount not to exceed \$36,700,000 to provide funds to remedy water intrusion and other building damage at Knights Circle. The amounts advanced under the Protective Advance Agreement are secured by a lien upon and security interest in the pledged revenues and other security as pledged in the related loan agreement. In addition, the Senior Leasehold Mortgage and Security Agreement was amended to provide the Protective Advance Agreement with the same priority as the Senior Series bonds. Advances accrue interest at 5.04% and are payable upon demand. At September 30, 2014, the Bond Insurer has advanced funds totaling \$33,252,428. Accrued interest on the outstanding advances as of September 30, 2014 totaled \$4,699,276.

NOTE 9 BOND INSURER ADVANCE

In accordance with the bond insurance policy with the National Public Finance Guarantee Corporation (the "Bond Insurer"), during fiscal year 2012 and 2013 three debt payments were made by the Bond Insurer. The amounts advanced by the Bond Insurer are required to be repaid with accrued interest at 5.5% (the rate of the debt payments advanced) and are payable upon demand. At September 30, 2014, the Bond Insurer has advanced funds totaling \$16,624,355. Accrued interest on the outstanding advances as of September 30, 2014 totaled \$2,211,409.

NOTE 10 LEASES

The City leases office equipment from a third party under a long-term operating lease, which expires in 2017. The future minimum rental payments due under the lease are as follows:

2015	\$ 2,700
2016	2,700
2017	<u>1,125</u>
	<u>\$ 6,525</u>

Rental expense was \$2,700 for the year ended September 30, 2014.

CaPFA 2000F leases land in Orlando, Florida which has been developed and is used as student housing under a non-cancelable operating lease. Rent on the land is a lump sum payment of \$400 paid at signing and additional rent, paid annually, equal to the amounts available and released from the Surplus Fund. For the year ended September 30, 2014, the amounts released and paid as additional rent was \$-0-.

CaPFA 2010A leases land in Tamuning (formerly of Dededo), Guam which has been developed and is used as a high school under a non-cancelable operating lease. Rent on the land is a lump sum payment of \$1 paid at signing.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 11 INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended September 30, 2014 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General	\$ 581,435	\$ -
Total Governmental Activities	<u>\$ 581,435</u>	<u>\$ -</u>
Business-Type Activities:		
Electric	\$ -	\$ 346,257
Water	-	235,178
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 581,435</u>

Transfers were made to move unrestricted business-type revenues to the General Fund to subsidize operations.

The composition of interfund receivables and payables as of September 30, 2014 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General	\$ 61,048	\$ 106,056
Business-Type Activities:		
Affordable Housing	\$ -	\$ 116,773
CaPFA	222,829	61,048
	<u>\$ 222,829</u>	<u>\$ 177,821</u>

The outstanding balances between funds result mainly from short-term advances and the time lag between the date's transactions are recorded in the accounting system and payments between funds are made.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 12 SEGMENT INFORMATION

The City's blended component units, CaPFA and two special purpose corporations issued revenue bonds and certificates of participation to finance the acquisition of student housing and to build a high school. CaPFA 2000F financed the cost of acquisition of the Knights Circle and Pointe at Central (formerly known as Pegasus Landing and Pegasus Pointe) housing projects which consist of 744 apartments and 432 apartments respectively, located near the University of Central Florida in Orlando, Florida. CaPFA 2010A is financing the costs of construction of John F. Kennedy High School in Guam.

	<u>CaPFA</u>	<u>CaPFA Capital Corp. 2000F</u>	<u>CaPFA Capital Corp. 2010A</u>
Condensed Statement of Net Position (Deficit)			
Assets			
Current assets	\$ 37,730	\$ 9,790,701	\$ 251,627
Capital assets, net	-	107,939,663	44,893,029
Restricted assets, cash and cash equivalents	1,648,105	1,175,190	6,227,025
Prepaid bond insurance, net	-	5,083,486	-
Due from other funds	136,056	-	-
Advances to other funds	116,773	-	-
Total Assets	<u>1,938,664</u>	<u>123,989,040</u>	<u>51,371,681</u>
Liabilities			
Current liabilities	18,865	66,059,088	2,355,232
Due to other funds	50,973	-	40,075
Noncurrent liabilities	-	116,283,485	61,477,105
Total Liabilities	<u>69,838</u>	<u>182,342,573</u>	<u>63,872,412</u>
Net Position (Deficit)			
Invested in capital assets	-	(27,329,102)	(12,560,363)
Restricted for capital projects	1,648,105	-	-
Unrestricted net position (deficit)	220,721	(31,024,431)	59,632
Total Net Position (Deficit)	<u>\$ 1,868,826</u>	<u>\$ (58,353,533)</u>	<u>\$ (12,500,731)</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 12 SEGMENT INFORMATION (CONTINUED)

	CaPFA	CaPFA Capital Corp. 2000F	CaPFA Capital Corp. 2010A
Condensed Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)			
Operating Income			
Lease and rental income	\$ -	\$ 24,346,589	\$ 7,189,502
Other tenant income	-	272,088	-
Issuer and management fees	87,001	-	-
Depreciation	-	(4,968,049)	(2,970,951)
Other operating expenses	(79,814)	(11,967,531)	(1,517,403)
Net Operating Income	7,187	7,683,097	2,701,148
Nonoperating Revenue (Expenses)			
Investment income	2,842	922	2,071
Interest expense	-	(8,918,637)	(4,281,624)
Loss on disposal of assets	-	-	-
Miscellaneous	1,000	-	-
Settlement income	-	-	-
Financing fees	-	(36,371)	-
Amortization of bond costs	-	(527,998)	-
Total Nonoperating Revenues (Expenses)	3,842	(9,482,084)	(4,279,553)
Transfers	142,647	-	(142,647)
Change in net position (deficit)	153,676	(1,798,987)	(1,721,052)
Net Position (Deficit), beginning, as restated	1,715,150	(56,554,546)	(10,779,679)
Net Position (Deficit), end	\$ 1,868,826	\$ (58,353,533)	\$ (12,500,731)
 Condensed Statement of Cash Flows			
Net Cash from:			
Operating activities	\$ (949)	\$ 11,696,027	\$ 5,704,189
Noncapital financing activities	149,147	-	(110,572)
Capital and related financing activities	-	(10,853,755)	(5,181,815)
Investing activities	3,842	922	2,071
Net Increase (Decrease) in Cash and Cash Equivalents	152,040	843,194	413,873
Net Cash and Cash Equivalents, beginning	1,496,065	8,986,231	5,984,103
Net Cash and Cash Equivalents, end	\$ 1,648,105	\$ 9,829,425	\$ 6,397,976

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 13 COMMITMENTS AND CONTINGENCIES

Florida Municipal Power Agency (“FMPA”)

The City has entered into agreements with FMPA, of which it is a member, and with certain other members of FMPA, to sell the City's capacity and energy (entitlement share) from Florida Power & Light's St. Lucie Unit No. 2 Project (the “Unit”). Pursuant to a Power Sales Contract and a Project Support Contract, the City has acquired an entitlement share of FMPA's allocation of these services.

The Power Sales Contract requires payments for each month in which capacity, energy or transmission services are available from the St. Lucie Project. Payments due each month are based upon an annual budget. Once each year, the excess or deficiency of payments related to actual cost is calculated and applied to the monthly statements from FMPA to the City. The Power Sales Contract will remain in effect until the latest of: (1) the date principal, premium (if any), and interest on all Bonds has been paid or funds are set aside for the payment thereof, (2) the date the Unit is decommissioned or finally disposed of as an electric generating unit pursuant to the Participation Agreement or FMPA's interest in the unit is terminated pursuant to the Participation Agreement or otherwise disposed of, or (3) the date all obligations of FMPA under the Participation Agreement have been paid, performed, or provided for.

In any month when electric capacity, energy, or transmission services are not made available to the City, payment is made to FMPA under a Project Support Contract in a like amount as would have been due under the Power Sales Contract. The City accounts for purchases under these contracts as operating expenses. Total revenue netted against operating expenses for the year ended September 30, 2014 is \$10,201.

Water Tank Maintenance Agreement

On June 1, 2004, the City entered into a Maintenance Agreement with a company to clean and maintain the City's water tower. The agreement calls for annual payments on June 1 of each year through 2015. The base rate for the services was scheduled to be \$8,855 from 2008 thru 2010, then increasing to the current cost of the services every third year thereafter, not to exceed a maximum of 5% annually. The City may cancel the contract with notice prior to 90 days of the anniversary date of the contract.

Management Contract

Effective January 31, 2011, CaPFA entered into an agreement with Asset Campus Housing, Inc. to manage the Project for twelve months, with automatic renewal for two additional twelve-month terms unless terminated under certain provisions of the agreement. At the expiration of the original agreement on January 31, 2014, CaPFA entered into a new agreement with Asset Campus Housing, Inc. to manage the Project for twelve months, with automatic renewal for two additional twelve-month terms unless terminated under certain provisions of the agreement. The management fee for the year ended September 30, 2015 is \$593,248.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Debt Service Forward Delivery Agreement

On September 28, 2001, CaPFA 2000F, an instrumentality of CaPFA, executed a Debt Service Forward Delivery Agreement with First Union National Bank. Pursuant to the agreement, CaPFA 2000F received a fee of \$971,200 for the right to supply certain investments in appropriate amounts for appropriate periods in the Senior Bond Fund until 2014. The delivery dates and amounts coincide with deposit requirements per bond indenture to fund bond service requirements. Income from this agreement is deferred and recognized ratably over the term of this agreement.

Debt Service Reserve Forward Delivery Agreement

On November 20, 2001, CaPFA 2000F, an instrumentality of CaPFA, entered into a Debt Service Reserve Forward Delivery Agreement, whereby CaPFA received a fee of \$3,726,900 in exchange for future earnings on the Debt Service Reserve Account for the Senior Series F-1 Bonds for a period of 15 years. This agreement was necessary to enhance liquidation in anticipation of cash shortfalls resulting from low occupancy during the transition year after the property was purchased. CaPFA 2000F is required to supply certain investments in appropriate amounts for certain periods in those accounts. The delivery dates and amounts coincide with the bond insurance deposit required per bond indenture. The proceeds are held in a custodial account with Trustee and can only be expended with the approval of the Bond Insurer and the City. Income from this agreement is deferred and recognized ratably over the term of the agreement.

These forward delivery agreements were terminated on December 20, 2011. CaPFA 2000F is required to pay the termination amount of \$737,500 in eleven equal installments of \$69,885, which includes interest at 1.82%. One payment was made at termination and the remaining payments are to be made semi-annually on April 1 and October 1, commencing April 1, 2012. At September 30, 2014, the balance remaining was \$279,539.

Pointe at Central Repairs

In March of 2014, CaPFA 2000F entered into a contract for project management services for the duration of the repairs to the Pointe at Central stairways and balconies at a cost of \$54,000. Payments in the amount of \$16,500 have been made as of September 30, 2014.

In July of 2014, CaPFA 2000F entered into a contract to repair Pointe at Central stairways and balconies at a cost of \$1,751,039. Payments in the amount of \$43,968 have been made as of September 30, 2014.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Event of Default

Under the Trust Indenture the debt service reserve requirement is defined as the maximum annual debt service to be paid on each of the outstanding Senior Series 2000F-1 Bonds (excluding the last year in which debt service is paid on such bonds) at issuance, provided that such requirement shall not exceed the lesser of (i) 125% of the average annual Debt Service Requirement on the bonds or (ii) 10% of the proceeds of the bonds. The debt service reserve requirement is \$10,036,050 and the balance in this account has been below the required level for greater than 31 days which has caused a condition of default. The default under the Trust Indenture triggered defaults under the Loan Agreement and Ground Lease. Pursuant to the Trust Indenture, upon the occurrence of an event of default, the Trustee may declare, by a notice in writing delivered to the Borrower and the Issuer, the principal of all Senior Bonds then outstanding (if not then due and payable), together with interest accrued thereon, to be due and payable immediately. However, no acceleration may be declared without the consent of the Bond Insurer so long as such Insured Bonds remain outstanding. The Bond Insurer has not given consent to accelerate payments and has indicate they have no intent to accelerate payments at this time.

NOTE 14 JOINTLY GOVERNED ORGANIZATIONS

The City, through an inter-local agreement with Glades County, Florida created the City-County Public Works Authority (the "Authority"). The Authority provides water, sewer, and reclaimed water facilities within its boundaries. The Authority's governing board is comprised of the Glades County Board of County Commissioners and the City Council of Moore Haven. The Authority is an independent entity organized under the laws of the state of Florida and neither the City nor the County has a participating ownership interest in the Authority.

The City provides the Authority with personnel to operate the facilities, as well as providing administrative services. For the year ended September 30, 2014, the City received \$131,071 and \$94,395 for personnel reimbursement and administrative services, respectively.

Financial statements for the Authority can be obtained from the City Clerk at the City of Moore Haven, Florida, City Hall, 299 Riverside Drive, Moore Haven, Florida 33471.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 15 RETIREMENT PLAN

All full-time employees of the City are participants in the Florida Retirement System (the "System"), a multiple-employer cost-sharing public retirement system. The System, which is controlled by the state legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective July 1, 2002, the state created a new retirement plan within the System: the Public Employee Optional Retirement Program (the FRS Investment Plan). Any regular member not in the Deferred Retirement Option Program (DROP) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The City has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 15 RETIREMENT PLAN (CONTINUED)

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 6.95% and 5.18% and DROP employees, 12.84% and 5.44%, for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37% and DROP employees, 12.284%. In addition, all employees (except for those in DROP) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The City's contributions made during the years ended September 30, 2014, 2013, and 2012 were \$55,992, \$45,912, and \$37,501, respectively, equal to the actuarially determined contribution requirements for each year.

NOTE 16 FUND DEFICIT

The following Funds had a fund deficit as of September 30, 2014:

Affordable Housing Fund	\$ (116,773)
CaPFA Fund	(68,985,438)

The deficit in the Affordable Housing Fund relates to expenditures during the investigation stages of a potential project in Tampa, Florida. This condition is not the result of deteriorating financial conditions as this fund does not contain any operating projects as of September 30, 2014.

The deficit in the CaPFA Fund relates to CaPFA 2000F and CaPFA 2010A, parts of the blended component unit. The CaPFA 2000F condition is the result of annual deficits recorded due to the terms of the Loan Agreement and Trust Indenture. CaPFA 2000F reported a negative change in net position. Pursuant to the terms of the Loan Agreement and the Trust Indenture, the Net Revenues of CaPFA 2000F must fund current year debt service requirements, operations, and certain other reserve requirements. If a surplus exists after meeting the aforementioned requirements and other ratios are met, the remaining surplus is to be paid to the University of Central Florida Foundation, Inc. in accordance with the terms of the Ground Lease Agreement. The CaPFA 2010A condition is the result of non-cash expenditures like depreciation expense and the amortization of bond issuance costs and discounts. The terms of the lease agreement with Guam calls for rental income to cover operating expenditures and debt payments as a result CaPFA 2010A will continue to accumulate a deficit balance for non-cash expenses. This condition is not the result of deteriorating financial conditions.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 17 RISK MANAGEMENT

Employee Benefits: The City has obtained employee health insurance coverage from a commercial company. For the fiscal year ended September 30, 2014, the City has incurred health insurance expense of \$156,048. There have been no claims in excess of insurance coverage as of September 30, 2014.

Property and Casualty: The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover itself against these exposures, the City became a member of Public Risk Management of Florida (the "Pool"), a local government liability risk pool. The Pool has approximately 50 local government agency members. The Pool administers activities relating to property, general liability, police professional, automobile liability, public officials liability, workers' compensation, and machinery. The Pool absorbs losses up to a specified amount each Pool year, and in addition purchases excess and other specific coverage from third-party carriers. The Pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the Pool can make additional limited assessments. Losses, if any, in excess of the Pool's ability to assess its members, revert back to the member that incurred the loss. The cost of the insurance is allocated among the appropriate departments and funds.

There has been no significant reduction in insurance coverage from the prior year and there have been no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2014.

As specified in the Loan Agreement, CaPFA 2000F and CaPFA 2010A are required to purchase and maintain certain levels of commercial insurance to cover losses resulting from workers' compensation, general liability insurance, property insurance, automobile insurance, and other various types of insurance coverage. There have been no significant reductions in insurance coverage from the prior year and the amount of settlements, if any, have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 18 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Funding Policy

The City provides post retirement health care benefits in accordance with Section 112.0801, Florida Statutes, to all eligible employees who retire from the City. The employee's contribution is the full amount of the annual premium. Expenditures for postemployment health care benefits are recognized as premiums are paid. As of September 30, 2014, no retirees have elected to participate in the health care plan.

The Plan does not issue a separate financial report.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 18 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the alternative measurement method for employers in Plans with fewer than one hundred total Plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan.

Net OPEB Obligation	
Annual required contribution	\$ 23,757
Interest on net OPEB obligation	3,723
Adjustment to annual required contribution	(5,383)
Annual OPEB cost	22,097
Contributions made	
Contribution to Plan	-
Estimated net retiree claims paid by the City	-
Estimated implicit subsidy	(7,481)
Change in net OPEB obligation	14,616
Net OPEB obligation, beginning of year	93,082
Net OPEB obligation, end of year	\$ 107,698

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2014 were as follows:

Schedule of Employer Contributions			
Year Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 22,097	33.86%	\$ 107,698
2013	\$ 21,546	32.00%	\$ 93,082
2012	\$ 32,690	21.09%	\$ 78,431

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 18 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of the most recent actuarial valuation date, October 1, 2012, the funded status of the Plan was as follows:

Funded Status of the Plan	
Actuarial valuation date	October 1, 2012
Actuarial accrued liability (AAL)	\$ 104,483
Plan assets at fair value	-
Funded ratio	0.00%
Covered payroll	\$ 793,834
UAAL as a percentage of covered payroll	13.16%

The projection of future benefit payments for an ongoing Plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees. Age 55 and 30 years of service or age 62 and any amount of service.

Mortality. Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2000 United States Life Tables for Males and for Females were used.

Turnover. The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in Paragraph 35b of GASB 45.

Healthcare cost trend rate. The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 8.5 percent initially, reduced to an ultimate rate of 5.0 percent after seven years, was used.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 18 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Methods and Assumptions (Continued)

Health insurance premiums. October 1, 2012, health insurance premiums for both active employees and retirees were used as the basis for calculation of the present value of total benefits to be paid.

The discount rate and inflation rates used were 4.0 percent and 3.0 percent, respectively. In addition, the actuarial method used was the projected unit credit with 30-year amortization method of the unfunded liability. The actuarial value of Plan assets is measured at fair value. The unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years.

NOTE 19 CONDUIT DEBT – COMPONENT UNIT

Revenue bonds issued through the Capital Projects Finance Authority do not constitute a debt, liability, or obligation of CaPFA, the City, or any political subdivision. Neither the full faith and credit nor the taxing power of CaPFA, the City, or any political subdivision is pledged to the payment of the principal of or the interest on such Bonds. The outstanding principal balance of the conduit debt issued by CaPFA as of September 30, 2014 is approximately \$4,748,940.

NOTE 20 SUBSEQUENT EVENT

In December 2014, CaPFA Capital Corp 2015A was created. This Corporation is to serve as an instrumentality of the City of Moore Haven, Florida, under and pursuant to Ordinance No. 214 enacted by the City on September 23, 1993, as amended by Ordinance No. 245 enacted by the City on May 26, 1998. The Corporation is a special purpose corporation acting as an Instrumentality of the City for the purpose of participating in the execution and delivery of the Certificates of Participation for the CUC Power Project. The Corporation will represent the interests of the registered owners in base rental collections to be made by the Commonwealth Utilities Corporation of the Northern Mariana Islands and the Commonwealth of the Northern Mariana Islands, and more specifically for the purposes of (i) leasing from the Commonwealth of the Northern Mariana Islands (the Government) certain real property pursuant to a ground lease, (ii) subleasing to the Government such real property together with certain buildings constructed thereon pursuant to a lease agreement, (iii) assigning to the trustee for the Certificates certain of this Corporation's rights under the ground lease and the lease agreement, including the rights to receive base rentals and additional rentals, and (iv) engaging in any ancillary or related activities in furtherance of the foregoing.

This Corporation shall prepare audited annual financial statements which may be included as a component unit of the City's financial statements. This Corporation is an entity that is legally separate from the City and whose assets are not available to creditors of the City.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 104,483	\$ 104,483	0.00 %	\$ 793,834	13.16 %
10/1/2009	\$ -	\$ 67,944	\$ 67,944	0.00 %	\$ 803,294	8.46 %

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

Honorable Mayor and City Council
City of Moore Haven, Florida
Moore Haven, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Moore Haven, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 4, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described as follows to be material weaknesses.

2010-001 Financial Reporting Process

Criteria

City management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Condition

As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

Effect

The design of the controls over the financial reporting process affects the City's ability to report their financial data consistent with the assertions of management.

Cause

Management has made the decision that it is beneficial to have the auditor prepare the draft statements.

Recommendation

We understand that this situation is already known to management and represents a conscious decision by management and the Council to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Council is aware of this situation.

Views of Responsible Officials

City staff has noted this recommendation; however, as small as the City is, it is not feasible to hire more staff.

2010-002 Audit Adjustments

Criteria

City management is responsible for establishing and maintaining internal controls for the proper recording of all the City's receipts and disbursements, including reclassifications between funds, year-end accruals, and activity of all cash and investment accounts.

Condition

As part of the audit, we proposed audit adjustments to revise the City's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications.

Effect

The design of the controls over the financial reporting process affects the City's ability to report their financial data consistent with the assertions of management.

Cause

Management relies on the auditor to help make the necessary entries at year-end.

Recommendation

We understand that this material weakness is already known to management and represents a conscious decision by management and the Council to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Council is aware of this situation.

Views of Responsible Officials

City staff has noted this recommendation and will continue to try and improve recording of transaction to limit the number of adjusting entries needed during the audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described above. The City's responses were 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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 4, 2015

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Moore Haven, Florida
Moore Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Moore Haven, Florida (the "City"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 4, 2015.

Auditors' Responsibility

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.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated March 4, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See Exhibit A for corrective action on findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)5., 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 the management letter, unless disclosed in the notes to the financial statements. The City discloses this information in the notes to the financial statements.

Honorable Mayor and City Council
City of Moore Haven, Florida

Financial Condition

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

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

Annual Financial Report

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

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

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

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 4, 2015

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2014**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2010-01 Financial Reporting Process	Material Weakness			X
2010-02 Audit Adjustments	Material Weakness			X
2011-05 Mowing Revenue	Material Weakness	X		
2012-01 Power Cost Adjustment	Significant Deficiency	X		
2012-02 Travel Per Diem Reimbursements	Significant Deficiency / Compliance	X		
ML 06-3 Formal Written Purchase Policy	Management Letter	X		
ML 12-01 Deteriorating Financial Condition	Management Letter	X		



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INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and City Council
City of Moore Haven, Florida
Moore Haven, Florida

We have examined the City of Moore Haven, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
March 4, 2015