

CITY OF MOORE HAVEN, FLORIDA
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020



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**CITY OF MOORE HAVEN, FLORIDA
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YEAR ENDED SEPTEMBER 30, 2020**

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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, and each major fund of the City of Moore Haven, Florida (the City), as of and for the year ended September 30, 2020, 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.

Honorable Mayor and City Council
City of Moore Haven, Florida

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, and each major fund of the City as of September 30, 2020, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of changes in the City's total OPEB liability and related ratios, the schedules of City's proportionate share of net pension liability, and the schedules of City contributions on pages 3 through 17, and 80 through 84 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 July 28, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
July 28, 2021

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

At the close of the 2020 fiscal year, the City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$47.2 million (net deficit). This number consists of net investment in capital assets of a negative \$33.7 million, net position restricted for debt service of \$156,897, net position restricted for economic environment of \$154,395, net position restricted for capital projects of \$1.9 million, net position restricted for renewal and replacement of \$2.2 million, net position restricted for insurance of \$219,936 and negative \$18.2 million of unrestricted net position. These amounts are further broken down as follows:

At the close of the 2020 fiscal year, CaPFA's (the City's blended component unit) liabilities exceeded its assets by \$60.9 million (net deficit). This number consists of net investment in capital assets of a negative \$43.5 million, net position restricted for debt service of \$-0-, net position restricted for capital projects \$1.9 million, net position restricted for renewal and replacement \$1.1 million, net position restricted for insurance \$219,936 and negative \$20.7 million of unrestricted net position.

At the close of the 2020 fiscal year, the City's Electric Fund assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2.2 million (net position). This number consists of net investment in capital assets of \$497,381, an amount restricted for renewal and replacement of \$863,993, and \$859,426 of unrestricted net position available to be used to meet future ongoing obligations.

At the close of the 2020 fiscal year, the City's Water Fund assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$6.2 million (net position). This number consists of net investment in capital assets of \$3.9 million, net position restricted for debt service of \$156,897, an amount restricted for renewal and replacement of \$262,570 and \$1.9 million of unrestricted net position available to be used to meet future ongoing obligations.

At the close of the 2020 fiscal year, AHFA's (the City's blended component unit) liabilities equaled its assets, \$-0- net position.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, deferred outflows, liabilities, and deferred inflows, with the difference between them 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, human services 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, CaPFA Capital Corp. 2010A, CaPFA Capital Corp. 2016A, and CaPFA Capital Corp. 2017A (formerly CaPFA Capital Corp. 2015A), five 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 18 through 20.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Overview of the Financial Statements (Continued)

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 21 through 24 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 CaPFA. The AHFA had no activity.

The basic proprietary fund financial statements can be found on pages 26 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 79 of this report.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Overview of the Financial Statements (Continued)

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

**City of Moore Haven, Florida
Net Position
September 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 563,580	\$ 516,447	\$ 39,831,704	\$ 31,216,727	\$ 40,395,284	\$ 31,733,174
Capital Assets	5,442,195	5,768,775	123,707,549	130,162,575	129,149,744	135,931,350
Total Assets	<u>6,005,775</u>	<u>6,285,222</u>	<u>163,539,253</u>	<u>161,379,302</u>	<u>169,545,028</u>	<u>167,664,524</u>
Deferred Outflows	281,154	268,935	201,024	197,693	482,178	466,628
Noncurrent Liabilities Outstanding	892,928	788,217	169,270,240	172,869,842	170,163,168	173,658,059
Other Liabilities	78,920	84,224	46,940,319	46,957,493	47,019,239	47,041,717
Total Liabilities	<u>971,848</u>	<u>872,441</u>	<u>216,210,559</u>	<u>219,827,335</u>	<u>217,182,407</u>	<u>220,699,776</u>
Deferred Inflows	18,096	50,905	12,914	37,183	31,010	88,088
Net Position:						
Net Investment in Capital Assets	5,442,195	5,768,775	(39,110,806)	(38,165,512)	(33,668,611)	(32,396,737)
Restricted	154,395	152,738	4,547,600	3,853,679	4,701,995	4,006,417
Unrestricted	(299,605)	(290,702)	(17,919,990)	(23,975,690)	(18,219,595)	(24,266,392)
Total Net Position	<u>\$ 5,296,985</u>	<u>\$ 5,630,811</u>	<u>\$ (52,483,196)</u>	<u>\$ (58,287,523)</u>	<u>\$ (47,186,211)</u>	<u>\$ (52,656,712)</u>

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 and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$47.2 million at the close of the most recent fiscal year.

A portion of the City's net position consists of a negative \$33.7 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, \$4.7 million represents resources that are subject to external restrictions on how they may be used.

The City's net position increased by \$5.5 million during the current fiscal year. Governmental activities decreased net position by \$333,826 while business-type activities accounted for an increase of \$5.8 million.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Overview of the Financial Statements (Continued)

The City's Electric Fund accounted for a decrease in net position of \$156,068 for the fiscal year. The decrease 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 \$399,384 before transfers compared to an increase of \$275,706 during the year ended September 30, 2019. This reduction is due a decrease in Personal Services costs of \$12,001. This was due to both lower wages and less personnel.

The City's Water Fund accounted for a decrease in net position of \$254,929 for the fiscal year. The decrease in net position before transfers of \$202,606 is a decrease over the corresponding decrease of \$130,022 recorded during the fiscal year ended September 30, 2019. This change was due to an increase in Personal Services costs of \$25,865 and an increase in revenues of \$46,554. The increase in Personal Services costs was due to higher wages and additional personnel. The increase of revenues was due to more water usage by customers within the City during the year ended September 30, 2020.

CaPFA, the City's blended component unit, accounted for an increase of \$6.2 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 increase was more than the \$4.2 million increase during fiscal year September 30, 2019. This change was due primarily to management's conscious effort to raise rental rates at the student housing projects in Orlando, FL.

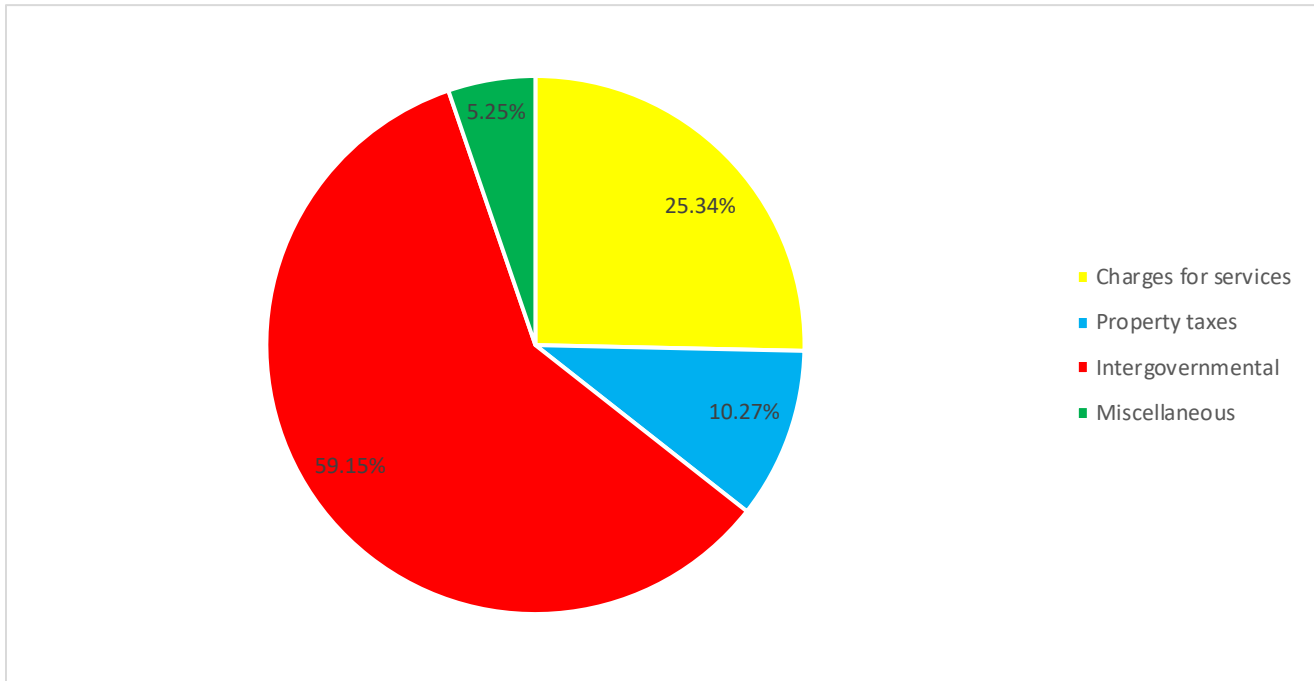
AHFA, a blended component unit of the City, accounted for no change in the City's net position for the fiscal year.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Governmental Activities

Governmental activities decreased the City's net position by \$333,826. The graph below shows the percentage of the total governmental activities revenues allocated by each revenue type.

**Revenues by Source – Governmental Activities
Year Ended September 30, 2020**



**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Governmental Activities (Continued)

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

**City of Moore Haven, Florida
Changes in Net Position – Governmental Activities
Year Ended September 30, 2020 and 2019**

	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 497,192	\$ 484,331
Operating Grants	63,436	11,200
Capital Grants	684,981	393,397
General Revenues:		
Property Taxes	201,459	190,275
Intergovernmental	412,011	392,738
Interest Income	3,235	5,075
Other Revenues	97,538	86,395
Total Revenues	1,962,002	1,563,411
Expenses:		
General Government	720,085	678,008
Public Safety	109,109	85,885
Physical Environment	1,336,420	552,597
Transportation	248,130	241,014
Human Services	25,000	25,000
Economic Environment	175	175
Culture and Recreation	545,508	537,252
Total Expenses	2,984,427	2,119,931
Excess before Transfers	(1,022,425)	(556,520)
Transfers	688,599	108,415
Change in Net Position	(333,826)	(448,105)
Net Position – Beginning	5,630,811	6,078,916
Net Position – Ending	\$ 5,296,985	\$ 5,630,811

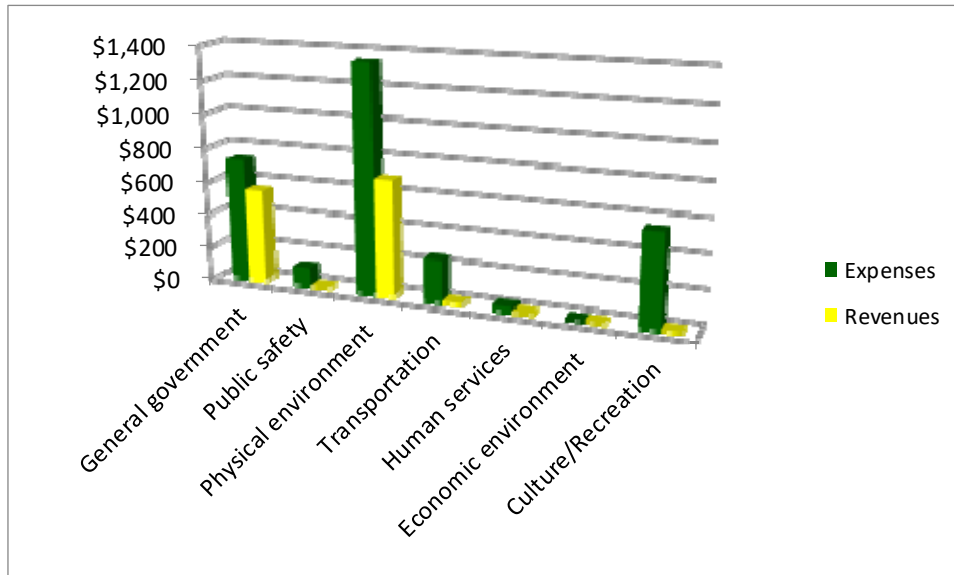
Overall, net position decreased by \$333,826 during the current fiscal year compared to the decrease of \$448,105 during fiscal year ended September 30, 2019. This change in net position in the Governmental Activities was due primarily to an increase of \$580,184 in transfers from proprietary funds.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Governmental Activities (Continued)

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 expenses are not covered by program revenues or costs that must be covered by general revenues or transfers.

**Expenses and Program Revenues – Governmental Activities
Year Ended September 30, 2020 (in Thousands)**



Business-Type Activities

Business-type activities increased the City's net position by \$5.8 Million. The City's electric utility decreased the City's net position by \$156,068 and the water utility decreased the City's net position by \$254,930. The City's blended component units, CaPFA increased the City's net position by \$6.2 million and AHFA had no change on the City's net position.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Business-Type Activities (Continued)

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

**City of Moore Haven, Florida
Changes in Net Position – Business-Type Activities
Year Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 42,805,286	\$ 41,552,046
Capital Grants	-	39,106
General Revenues:		
Interest Income	108,909	277,056
Other Revenues	<u>15,752</u>	<u>23,549</u>
Total Revenues	<u>42,929,947</u>	<u>41,891,757</u>
 Expenses:		
CaPFA	33,356,571	34,282,151
Electric	1,459,954	1,632,676
Water	<u>1,620,496</u>	<u>1,538,283</u>
Total Expenses	<u>36,437,021</u>	<u>37,453,110</u>
Excess before Transfers	6,492,926	4,438,647
Transfers	<u>(688,599)</u>	<u>(108,415)</u>
Change in Net Position	5,804,327	4,330,232
Net Position – Beginning	<u>(58,287,523)</u>	<u>(62,617,755)</u>
Net Position – Ending	<u><u>\$ (52,483,196)</u></u>	<u><u>\$ (58,287,523)</u></u>

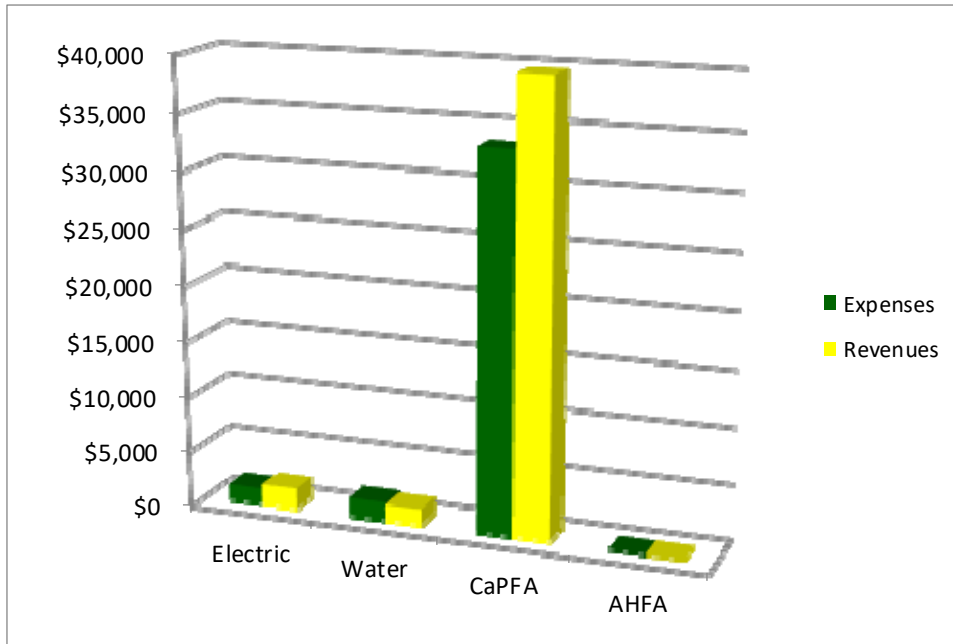
Net position in the City's blended component units, CaPFA and AHFA, increased \$5.8 million and did not change, respectively, during the current year. CaPFA's increase was more than the \$4.3 million increase during fiscal year 2019. This change was due to a conscious effort by Management to raise rental rates to generate additional revenue at the student housing projects. All debt contained within the CaPFA component unit is project specific and nonrecourse to the City.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

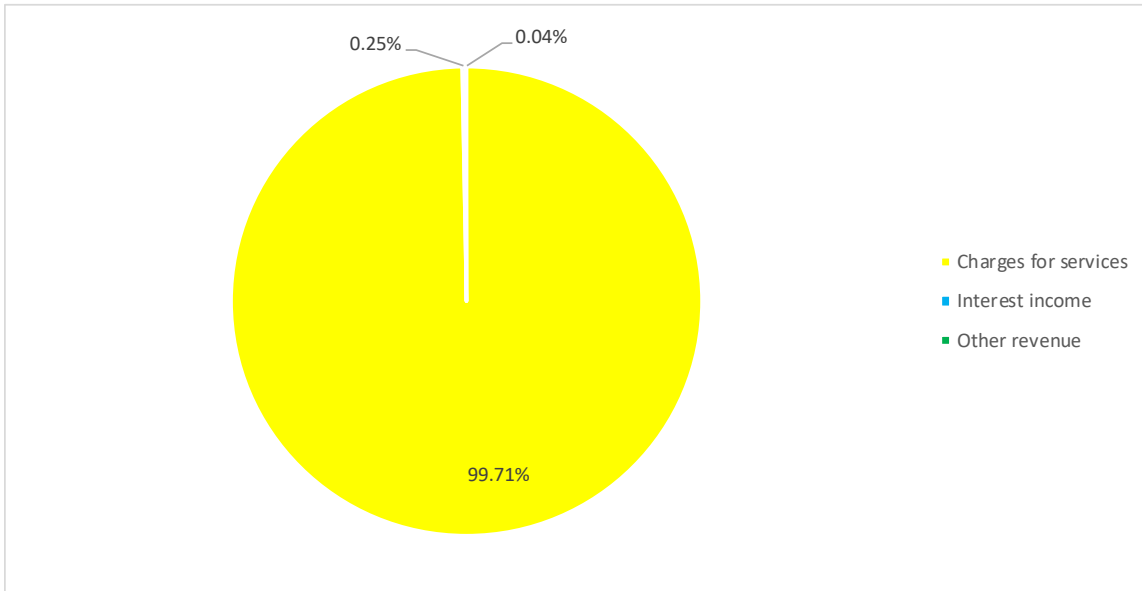
Business-Type Activities (Continued)

The following chart shows a comparison to expenses to program revenues for business-type activities for the fiscal year ended September 30, 2020.

**Expenses and Program Revenues – Business-Type Activities
Year Ended September 30, 2020 (in Thousands)**



**Revenue by Source – Business-Type Activities
Year Ended September 30, 2020 (in Thousands)**



**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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

	2020	2019
Fund Balance – Beginning	\$ 413,648	\$ 294,851
Revenues	1,905,189	1,964,512
Expenditures	(2,532,020)	(1,954,130)
Other Financing Sources	690,748	108,415
Fund Balance – Ending	\$ 477,565	\$ 413,648

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, unassigned 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 fund balance of the General Fund was \$323,170. All of this was unassigned.

The City's net change in fund balance in its General Fund was an increase of \$62,260.

The City's General Fund is required to adopt an annual budget prepared on a basis consistent with generally accepted accounting principles (U.S. 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 \$154,395. This entire amount was restricted for economic environment.

The City's net change in fund balance for its CRA Fund was an increase of \$1,657.

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.

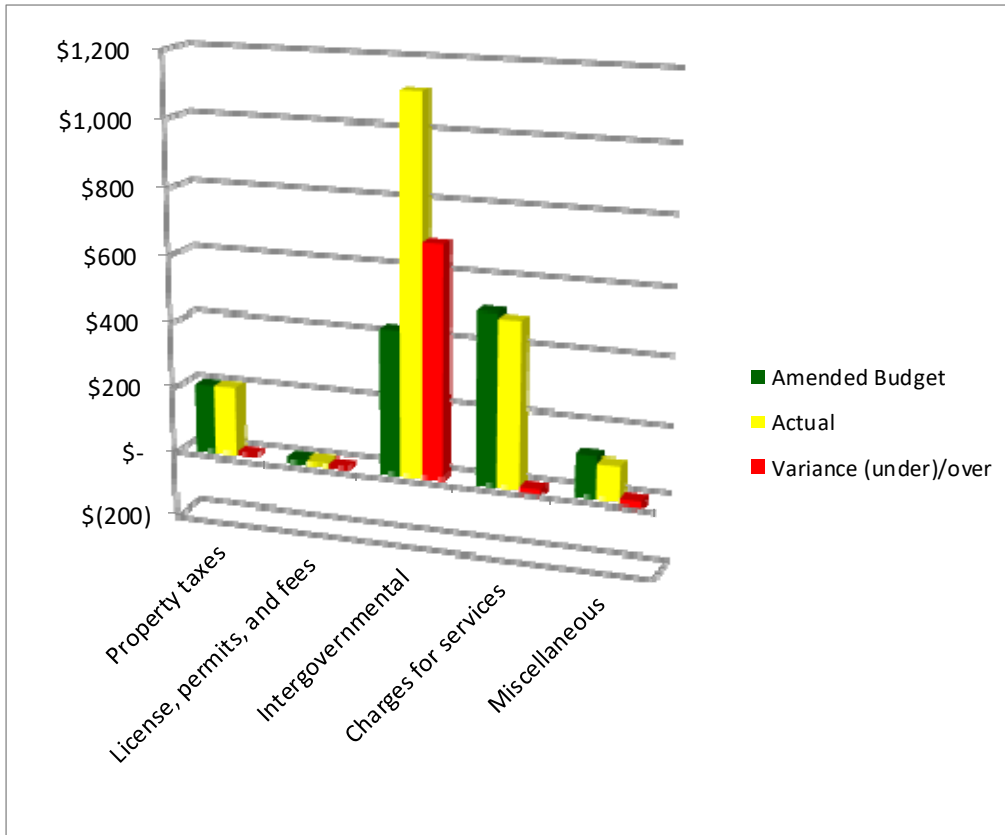
The total increase in net position for all enterprise funds was \$5.8 million. This includes an increase of \$6.2 million and no change attributable to CaPFA and AHFA, respectively, the component units of the City.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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
Year Ended September 30, 2020 (in Thousands)**



**General Fund Revenues
Year Ended September 30, 2020 (in Thousands)**

	Final Amended Budget	Actual	Variance
Taxes:			
Property	\$ 200,000	\$ 200,476	\$ 476
License, Permits, and Fees	4,862	4,212	(650)
Intergovernmental	425,565	1,112,859	687,294
Charges for Services	505,069	488,248	(16,821)
Miscellaneous	116,560	98,247	(18,313)
Total Revenues	<u>\$ 1,252,056</u>	<u>\$ 1,904,042</u>	<u>\$ 651,986</u>

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

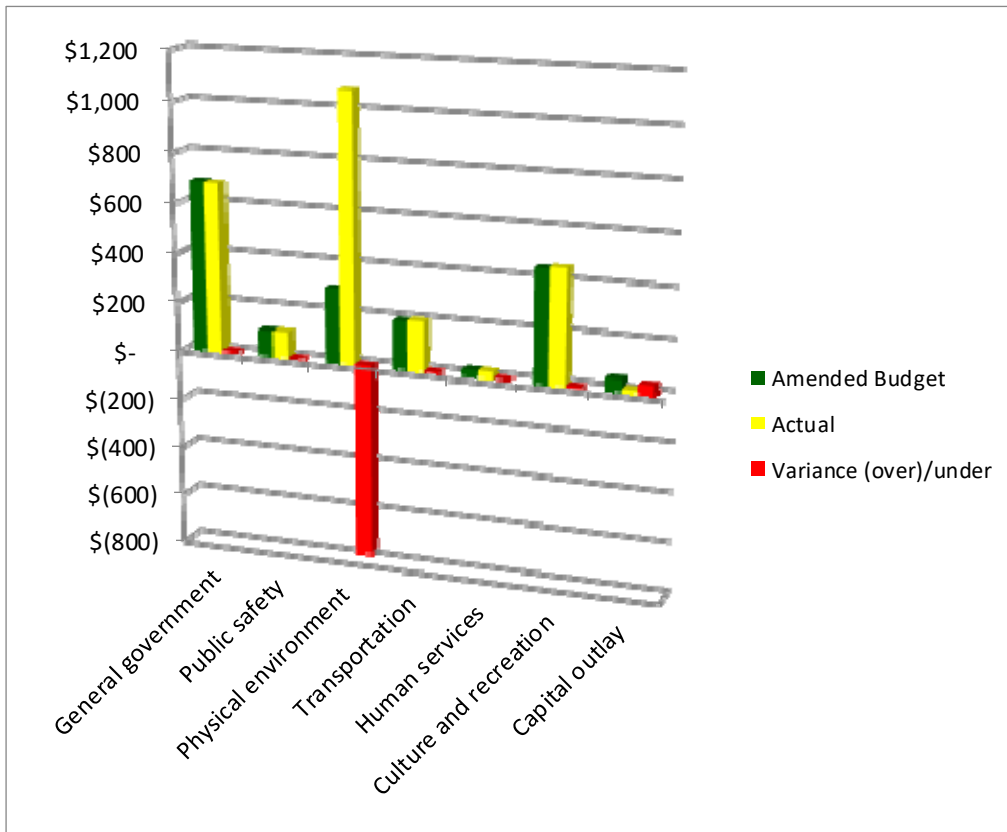
General Fund Budgetary Highlights (Continued)

**General Fund Expenditures
Year Ended September 30, 2020 (in Thousands)**

	Final Amended Budget	Actual	Variance
General Government	\$ 677,074	\$ 673,021	\$ 4,053
Public Safety	102,997	103,887	(890)
Physical Environment	298,765	1,069,002	(770,237)
Transportation	192,415	197,391	(4,976)
Human Services	25,000	25,000	-
Culture and Recreation	446,389	453,489	(7,100)
Capital Outlay	46,580	10,055	36,525
Total Expenditures	<u>\$ 1,789,220</u>	<u>\$ 2,531,845</u>	<u>\$ (742,625)</u>

The following chart and table summarizes actual expenditures by function/program for the fiscal year ended September 30, 2020, and compares expenditures with the Amended Budget.

**General Fund Expenditures
Year Ended September 30, 2020 (in Thousands)**



**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

General Fund Budgetary Highlights (Continued)

The difference between budgeted and actual amounts in the City's revenues was due to \$684,000 in intergovernmental revenues, which is the amount for the sewer expansion project that has been moved out of the water fund into the physical environment. This was not budgeted in the general fund originally which is where it should have been.

The difference between budgeted and actual Physical Environment expenditures is due primarily to \$757,000 which is the amount for the sewer expansion project that has been moved out of the water fund into the physical environment. This was not budgeted in the general fund originally which is where it should have been.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2020 amounts to \$129.1 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	\$ 361,381	\$ 190,500	\$ 551,881
Construction in Progress	-	180,686	180,686
Infrastructure	3,627,070	-	3,627,070
Structures and Improvements	1,207,911	113,245,490	114,453,401
Apartment Furniture and Appliances	-	1,725,779	1,725,779
Transmission, Distribution and Collection Plants	-	7,571,393	7,571,393
Machinery and Equipment	245,833	793,701	1,039,534
Total Capital Assets	<u>\$ 5,442,195</u>	<u>\$ 123,707,549</u>	<u>\$ 129,149,744</u>

The City has developed various capital improvement programs to improve the quality of life of its residents. During the year ended September 30, 2020, the total amount expended for Capital Outlay in the General Fund was \$10,055.

Long-Term Debt

At the end of the current fiscal year, the City had a total bonded debt outstanding of \$98.0 million and certificates of participation of \$56.2 million. Of this amount, \$94.1 million were revenue bonds and \$56.2 million were certificates of participation for CaPFA, the City's blended component unit; the remaining \$3.9 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.

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Economic Factors and Next Year's Budget

The factors listed below were considered in preparing the City's budget for the 2021 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. The City is optimistic that improvements currently being made at the nearby Airglades International Airport will eventually have a positive effect on possible new businesses entering the area. The improvements are geared toward making the airport a hub for cargo and perishable goods to and from Latin-America.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 289,871	\$ 8,065,466	\$ 8,355,337
Restricted Assets:			
Cash and Cash Equivalents	170,104	26,574,039	26,744,143
Capital Credit	-	490,476	490,476
Accounts Receivable, Net	65,196	749,298	814,494
Prepaid Items	-	1,111,201	1,111,201
Due from Other Governments	75,836	-	75,836
Internal Balances	(37,427)	37,427	-
Advance to Joint Venture	-	233,728	233,728
Prepaid Bond Insurance	-	2,570,069	2,570,069
Capital Assets (Net of Accumulated Depreciation):			
Land	361,381	190,500	551,881
Construction in Progress	-	180,686	180,686
Infrastructure	3,627,070	-	3,627,070
Structures and Improvements	1,207,911	113,245,492	114,453,403
Apartment Furniture and Appliances	-	1,725,779	1,725,779
Transmission, Distribution and Collection Plants	-	7,571,392	7,571,392
Machinery and Equipment	245,833	793,700	1,039,533
Total Assets	<u>6,005,775</u>	<u>163,539,253</u>	<u>169,545,028</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Pensions	276,080	197,004	473,084
Deferred Amount on OPEB	5,074	4,020	9,094
Total Deferred Outflows of Resources	<u>281,154</u>	<u>201,024</u>	<u>482,178</u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 46,056	\$ 1,088,329	\$ 1,134,385
Prepaid Tenant Rent	-	601,978	601,978
Due to Other Governmental Units	32,864	228,321	261,185
Unearned Revenue	-	507,297	507,297
Protective Advance Loan	-	27,890,039	27,890,039
Bond Insurer Advance	-	16,624,355	16,624,355
Payable from Restricted Assets:			
Customer Security Deposits and Advances	-	254,842	254,842
Certificates of Participation	-	1,315,000	1,315,000
Accrued Interest	-	14,191,534	14,191,534
Revenue Bonds and Notes Payable	-	5,522,674	5,522,674
Noncurrent Liabilities:			
Due Within One Year	34,065	18,450	52,515
Due in More Than One Year	-	147,350,975	147,350,975
Total OPEB Liability	49,276	39,044	88,320
Net Pension Liability	809,587	577,721	1,387,308
Total Liabilities	<u>971,848</u>	<u>216,210,559</u>	<u>217,182,407</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Pensions	<u>18,096</u>	<u>12,914</u>	<u>31,010</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	5,442,195	(39,110,806)	(33,668,611)
Restricted for:			
Debt Service	-	156,897	156,897
Economic Environment	154,395	-	154,395
Capital Project	-	1,946,689	1,946,689
Renewal and Replacement	-	2,224,078	2,224,078
Insurance	-	219,936	219,936
Unrestricted	(299,605)	(17,919,990)	(18,219,595)
Total Net Position (Deficit)	<u>\$ 5,296,985</u>	<u>\$ (52,483,196)</u>	<u>\$ (47,186,211)</u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 720,085	\$ 483,356	\$ 63,436	\$ -	\$ (173,293)	\$ -	\$ (173,293)
Public Safety	109,109	-	-	981	(108,128)	-	(108,128)
Physical Environment	1,336,420	-	-	684,000	(652,420)	-	(652,420)
Transportation	248,130	9,178	-	-	(238,952)	-	(238,952)
Human Services	25,000	-	-	-	(25,000)	-	(25,000)
Economic Environment	175	-	-	-	(175)	-	(175)
Culture/Recreation	545,508	4,658	-	-	(540,850)	-	(540,850)
Total Governmental Activities	2,984,427	497,192	63,436	684,981	(1,738,818)	-	(1,738,818)
Business-Type Activities:							
CaPFA	33,356,571	39,564,054	-	-	-	6,207,483	6,207,483
Electric	1,459,954	1,839,060	-	-	-	379,106	379,106
Water	1,620,496	1,402,172	-	-	-	(218,324)	(218,324)
Total Business-Type Activities	36,437,021	42,805,286	-	-	-	6,368,265	6,368,265
Total Primary Government	\$ 39,421,448	\$ 43,302,478	\$ 63,436	\$ 684,981	(1,738,818)	6,368,265	4,629,447
General Revenues:							
Property Taxes, Levied for General Purposes					201,459	-	201,459
Intergovernmental Revenues, not Restricted to Specific Programs					412,011	-	412,011
Investment Earnings					3,235	108,909	112,144
Miscellaneous					97,538	15,752	113,290
Transfers					688,599	(688,599)	-
Total General Revenues and Transfers					1,404,992	(563,938)	841,054
Change in Net Position					(333,826)	5,804,327	5,470,501
Net Position (Deficit) – Beginning					5,630,811	(58,287,523)	(52,656,712)
Net Position (Deficit) – Ending					\$ 5,296,985	\$ (52,483,196)	\$ (47,186,211)

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 289,871	\$ -	\$ 289,871
Accounts Receivable, Net	65,196	-	65,196
Due from Other Funds	12,941	-	12,941
Due from Other Governments	75,836	-	75,836
Cash and Cash Equivalents – Restricted	<u>-</u>	<u>170,104</u>	<u>170,104</u>
Total Assets	<u><u>\$ 443,844</u></u>	<u><u>\$ 170,104</u></u>	<u><u>\$ 613,948</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 46,056	\$ -	\$ 46,056
Due to Other Funds	-	6,863	6,863
Advance from Other Funds	43,506	-	43,506
Due to Other Governments	<u>24,017</u>	<u>8,846</u>	<u>32,863</u>
Total Liabilities	113,579	15,709	129,288
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	7,095	-	7,095
 FUND BALANCES			
Restricted:			
Economic Environment	-	154,395	154,395
Unassigned	<u>323,170</u>	<u>-</u>	<u>323,170</u>
Total Fund Balances	<u>323,170</u>	<u>154,395</u>	<u>477,565</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 443,844</u></u>	<u><u>\$ 170,104</u></u>	<u><u>\$ 613,948</u></u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total Fund Balance – Governmental Funds		\$ 477,565
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.		5,442,195
Some revenues are not available in the current period and, therefore, are not reported in the funds.		7,095
Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.		276,080
Deferred outflows of resources are reported as a result of changes in deferred amounts on other post employment benefits in the statement of net position.		5,074
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.		
Compensated Absences	\$ (34,065)	
Net Pension Liability	(809,587)	
Net Other Postemployment Benefits Liability	<u>(49,276)</u>	(892,928)
Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.		<u>(18,096)</u>
Net Position of Governmental Activities		<u><u>\$ 5,296,985</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, 2020

	General Fund	CRA Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 200,476	\$ 983	\$ 201,459
Licenses, Permits, and Fees	4,212	-	4,212
Intergovernmental	1,112,859	-	1,112,859
Charges for Services	488,248	-	488,248
Miscellaneous	98,247	164	98,411
Total Revenues	<u>1,904,042</u>	<u>1,147</u>	<u>1,905,189</u>
EXPENDITURES			
Current:			
General Government	673,021	-	673,021
Public Safety	103,887	-	103,887
Physical Environment	1,069,002	-	1,069,002
Transportation	197,391	-	197,391
Human Services	25,000	-	25,000
Economic Environment	-	175	175
Culture/Recreation	453,489	-	453,489
Capital Outlay	10,055	-	10,055
Total Expenditures	<u>2,531,845</u>	<u>175</u>	<u>2,532,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(627,803)	972	(626,831)
OTHER FINANCING SOURCES (USES)			
Transfers In	688,598	685	689,283
Transfers Out	(685)	-	(685)
Total Other Financing Sources (Uses)	<u>690,063</u>	<u>685</u>	<u>690,748</u>
CHANGE IN FUND BALANCES	62,260	1,657	63,917
Fund Balance – Beginning	<u>260,910</u>	<u>152,738</u>	<u>413,648</u>
FUND BALANCES – ENDING	<u>\$ 323,170</u>	<u>\$ 154,395</u>	<u>\$ 477,565</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, 2020**

Net Change in Fund Balance – Governmental Funds	\$	63,917
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of 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.</p>		
Capital Outlay	\$ 10,055	
Depreciation	<u>(400,071)</u>	(390,016)
<p>Various effects of miscellaneous transactions involving capital assets (i.e., disposals, donation of capital assets, transfers).</p>		
		63,436
<p>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.</p>		
		(8,772)
<p>Net change in prepaid items not reported on the statement of revenues, expenditures and changes in fund balance, included on the statement of activities.</p>		
		(2,708)
<p>Compensated absences are not recorded in the fund financial statements. However, the obligation is recorded when earned in the government-wide financial statements.</p>		
		(1,039)
<p>Net change in the liability, deferred outflows and inflows for OPEB is reported in the government-wide statements, but not in the governmental fund statements.</p>		
		39,856
<p>Net change in the liability, deferred outflows and inflows for pension is reported in the government-wide statements, but not in the governmental fund statements.</p>		
		<u>(98,500)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(333,826)</u></u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 200,000	\$ 200,000	\$ 200,476	\$ 476
Licenses, Permits, and Fees	4,300	4,862	4,212	(650)
Intergovernmental	403,631	425,565	1,112,859	687,294
Charges for Services	504,955	505,069	488,248	(16,821)
Miscellaneous	118,440	116,560	98,247	(18,313)
Fund Balance	808,420	413,648	-	(413,648)
Total Operating Revenues	<u>2,039,746</u>	<u>1,665,704</u>	<u>1,904,042</u>	<u>238,338</u>
EXPENDITURES				
Current:				
General Government	711,268	677,074	673,021	4,053
Public Safety	107,642	102,997	103,887	(890)
Physical Environment	287,063	298,765	1,069,002	(770,237)
Transportation	201,922	192,415	197,391	(4,976)
Human Services	25,000	25,000	25,000	-
Culture/Recreation	521,420	446,389	453,489	(7,100)
Capital Outlay	102,600	46,580	10,055	36,525
Total Expenditures	<u>1,956,915</u>	<u>1,789,220</u>	<u>2,531,845</u>	<u>(742,625)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	82,831	(123,516)	(627,803)	(504,287)
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of Capital Assets	-	-	2,150	2,150
Transfers In	725,589	1,337,156	688,598	(648,558)
Transfers Out	-	-	(685)	(685)
Use of Prior Year's Fund Balance	(808,420)	(1,213,640)	-	1,213,640
Total Other Financing Sources (Uses)	<u>(82,831)</u>	<u>123,516</u>	<u>690,063</u>	<u>566,547</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	62,260	<u>\$ 62,260</u>
Fund Balance – Beginning			<u>260,910</u>	
FUND BALANCE – ENDING			<u>\$ 323,170</u>	

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-Type Activities – Enterprise Funds			
	CaPFA	Electric Fund	Water Fund	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 5,377,758	\$ 386,709	\$ 2,300,999	\$ 8,065,466
Restricted Assets:				
Cash and Cash Equivalents	7,773,995	-	429,480	8,203,475
Accounts Receivable, Net	338,307	204,984	206,007	749,298
Prepaid Items	1,108,173	-	3,028	1,111,201
Total Current Assets	<u>14,598,233</u>	<u>591,693</u>	<u>2,939,514</u>	<u>18,129,440</u>
NONCURRENT ASSETS				
Restricted Assets:				
Cash and Cash Equivalents	17,251,729	1,068,455	50,380	18,370,564
Capital Credit	-	490,476	-	490,476
Advances to Other Funds	43,506	-	-	43,506
Advance to Joint Venture	233,728	-	-	233,728
Prepaid Bond Insurance	2,570,069	-	-	2,570,069
Capital Assets (Net of Accumulated Depreciation):				
Land	-	28,350	162,150	190,500
Construction in Progress	180,686	-	-	180,686
Structures and Improvements	214,162,799	56,108	212,248	214,431,155
Apartment Furniture and Appliances	4,522,623	-	-	4,522,623
Transmission, Distribution, and Collection Plants	-	725,854	14,359,562	15,085,416
Machinery and Equipment	8,687,085	478,293	667,959	9,833,337
Total Capital Assets	<u>227,553,193</u>	<u>1,288,605</u>	<u>15,401,919</u>	<u>244,243,717</u>
Less Accumulated Depreciation	(112,148,636)	(791,224)	(7,596,308)	(120,536,168)
Net Capital Assets	<u>115,404,557</u>	<u>497,381</u>	<u>7,805,611</u>	<u>123,707,549</u>
Total Noncurrent Assets	<u>135,503,589</u>	<u>2,056,312</u>	<u>7,855,991</u>	<u>145,415,892</u>
Total Assets	150,101,822	2,648,005	10,795,505	163,545,332
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Pensions	-	41,583	155,421	197,004
Deferred Amount on OPEB	-	856	3,164	4,020
Total Deferred Outflows of Resources	<u>-</u>	<u>42,439</u>	<u>158,585</u>	<u>201,024</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2020

	Business-Type Activities – Enterprise Funds			
	CaPFA	Electric Fund	Water Fund	Total
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 920,818	\$ 117,173	\$ 50,338	\$ 1,088,329
Due to Other Funds	6,079	-	-	6,079
Due to Other Governments	-	8,275	220,046	228,321
Prepaid Tenant Rent	601,978	-	-	601,978
Compensated Absences	-	6,752	11,698	18,450
Protective Advance Loan	27,890,039	-	-	27,890,039
Bond Insurer Advance	16,624,355	-	-	16,624,355
Payable from Restricted Assets:				
Customer Security Deposits and Advances	-	204,462	50,380	254,842
Accrued Interest	14,181,521	-	10,013	14,191,534
Revenue Bonds and Notes Payable	5,448,138	-	74,536	5,522,674
Certificates of Participation	1,315,000	-	-	1,315,000
Total Current Liabilities	<u>66,987,928</u>	<u>336,662</u>	<u>417,011</u>	<u>67,741,601</u>
NONCURRENT LIABILITIES				
Unearned Revenue, Less Current Portion	507,297	-	-	507,297
Total OPEB Liability	-	8,312	30,732	39,044
Net Pension Liability	-	121,944	455,777	577,721
Revenue Bonds and Notes Payable, Less Current Portion	88,623,865	-	3,823,983	92,447,848
Certificates of Participation, Less Current Portion	54,903,127	-	-	54,903,127
Total Liabilities	<u>211,022,217</u>	<u>466,918</u>	<u>4,727,503</u>	<u>216,216,638</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Pensions	-	2,726	10,188	12,914
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	(43,515,279)	497,381	3,907,092	(39,110,806)
Restricted for Debt Service	-	-	156,897	156,897
Restricted for Capital Projects	1,946,689	-	-	1,946,689
Restricted for Renewal and Replacement	1,097,515	863,993	262,570	2,224,078
Restricted for Insurance	219,936	-	-	219,936
Unrestricted Net Position (Deficit)	<u>(20,669,256)</u>	<u>859,426</u>	<u>1,889,840</u>	<u>(17,919,990)</u>
Total Net Position (Deficit)	<u>\$ (60,920,395)</u>	<u>\$ 2,220,800</u>	<u>\$ 6,216,399</u>	<u>\$ (52,483,196)</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, 2020

	Business-Type Activities - Enterprise Funds			Total
	CaPFA	Electric Fund	Water Fund	
OPERATING REVENUES				
Charges for Services	\$ 39,564,054	\$ 1,839,060	\$ 1,402,172	\$ 42,805,286
OPERATING EXPENSES				
Personal Services	2,868,928	119,445	455,360	3,443,733
Cost of Sales and Services	-	1,300,197	392,959	1,693,156
Promotions and Marketing	284,343	-	-	284,343
Telecommunication Resale Expense	743,978	-	-	743,978
Taxes and Insurance	1,598,161	-	-	1,598,161
Contractual Services	3,138,142	-	-	3,138,142
Utilities	2,119,655	-	-	2,119,655
Legal	63,657	-	-	63,657
Office Expense	475,711	-	-	475,711
Repairs and Maintenance	2,574,352	-	196,234	2,770,586
Miscellaneous	376,964	-	616	377,580
Depreciation	7,665,064	40,312	451,567	8,156,943
Total Operating Expenses	<u>21,908,955</u>	<u>1,459,954</u>	<u>1,496,736</u>	<u>24,865,645</u>
OPERATING INCOME (LOSS)	17,655,099	379,106	(94,564)	17,939,641
NONOPERATING REVENUES (EXPENSES)				
Interest Income	88,666	10,370	9,873	108,909
Interest Expense	(11,397,372)	-	(123,760)	(11,521,132)
Financing Fees	(50,244)	-	-	(50,244)
Miscellaneous Income	-	9,908	5,844	15,752
Total Nonoperating Revenues (Expenses)	<u>(11,358,950)</u>	<u>20,278</u>	<u>(108,043)</u>	<u>(11,446,715)</u>
INCOME (LOSS) BEFORE TRANSFERS	6,296,149	399,384	(202,607)	6,492,926
TRANSFERS				
Transfers In	-	-	80,824	80,824
Transfers Out	(80,824)	(555,452)	(133,147)	(769,423)
Total Transfers	<u>(80,824)</u>	<u>(555,452)</u>	<u>(52,323)</u>	<u>(688,599)</u>
CHANGE IN NET POSITION	6,215,325	(156,068)	(254,930)	5,804,327
Total Net Position (Deficit) – Beginning	(67,135,720)	2,376,868	6,471,329	(58,287,523)
TOTAL NET POSITION (DEFICIT) – ENDING	<u>\$ (60,920,395)</u>	<u>\$ 2,220,800</u>	<u>\$ 6,216,399</u>	<u>\$ (52,483,196)</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities – Enterprise Funds			Total
	CaPFA	Electric Fund	Water Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 39,534,096	\$ 1,854,420	\$ 1,396,452	\$ 42,784,968
Cash Paid to Suppliers	(11,468,067)	(1,177,726)	(462,459)	(13,108,252)
Cash Paid to Employees	(2,868,928)	(147,033)	(394,548)	(3,410,509)
Net Cash Provided by Operating Activities	25,197,101	529,661	539,445	26,266,207
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	(80,824)	(555,452)	(133,147)	(769,423)
Transfers from Other Funds	-	-	80,824	80,824
Other Receipts (Payments)	(197,728)	9,908	5,844	(181,976)
Net Cash Used by Noncapital Financing Activities	(278,552)	(545,544)	(46,479)	(870,575)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(1,661,868)	-	(40,049)	(1,701,917)
Interest Paid	(8,756,190)	-	(124,087)	(8,880,277)
Principal Payments on Long-Term Debt	(6,235,000)	-	(72,279)	(6,307,279)
Trustee Fees Paid	(50,244)	-	-	(50,244)
Net Cash Used by Capital and Related Financing Activities	(16,703,302)	-	(236,415)	(16,939,717)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Other Income Received	88,667	10,370	9,873	108,910
Net Cash Provided by Investing Activities	88,667	10,370	9,873	108,910
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	8,303,914	(5,513)	266,424	8,564,825
Cash and Cash Equivalents – Beginning of Year	22,099,568	1,460,677	2,514,435	26,074,680
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 30,403,482</u>	<u>\$ 1,455,164</u>	<u>\$ 2,780,859</u>	<u>\$ 34,639,505</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Current Assets – Cash and Cash Equivalents	\$ 5,377,758	\$ 386,709	\$ 2,300,999	\$ 8,065,466
Current Assets – Restricted Cash and Cash Equivalents	7,773,995	-	429,480	8,203,475
Noncurrent Assets – Restricted Cash and Cash Equivalents	17,251,729	1,068,455	50,380	18,370,564
Total Cash and Cash Equivalents	<u>\$ 30,403,482</u>	<u>\$ 1,455,164</u>	<u>\$ 2,780,859</u>	<u>\$ 34,639,505</u>

See accompanying Notes to Financial Statements.

CITY OF MOORE HAVEN, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities – Enterprise Funds			
	CaPFA	Electric Fund	Water Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 17,655,099	\$ 379,106	\$ (94,564)	\$ 17,939,641
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	7,665,064	40,312	451,567	8,156,943
Bad Debt Expense	-	2,620	609	3,229
Loss on Capital Credits	-	126,822	-	126,822
Amortization of Prepaid Bond Insurance	372,374	-	-	372,374
Changes in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(205,498)	8,430	(8,019)	(205,087)
Due to/from Other Governments	-	(301)	97,205	96,904
Prepaid Items	(167,232)	-	2,725	(164,507)
Other Assets	14,745	-	-	14,745
Deferred Outflows—Pension	-	14,024	(25,753)	(11,729)
Deferred Outflows—OPEB	-	2,924	5,474	8,398
Increase (Decrease) in:				
Accounts Payable and Accrued Expenses	(298,246)	(4,050)	27,420	(274,876)
Customer Deposits	-	4,310	1,690	6,000
Prepaid Tenant Rent	160,795	-	-	160,795
Total OPEB Liability	-	(16,251)	(25,405)	(41,656)
Net Pension Liability	-	(21,837)	120,498	98,661
Deferred Inflows—Pension	-	(8,434)	(15,835)	(24,269)
Compensated Absences	-	1,986	1,833	3,819
Net Cash Provided by Operating Activities	<u>\$ 25,197,101</u>	<u>\$ 529,661</u>	<u>\$ 539,445</u>	<u>\$ 26,266,207</u>
NONCASH FINANCING ACTIVITIES				
Amortization of Premiums and Discounts	<u>\$ 33,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,591</u>

See accompanying Notes to Financial Statements.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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, human services, economic environment, 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 (U.S. 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 U.S. GAAP for governmental units.

Financial Reporting Entity

U.S. GAAP 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 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 Council. Therefore for financial reporting purposes, the CRA is reported as a special revenue fund in the City's financial statements.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Blended Component Units (Continued)

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. The Authority had no balances and no activity for the year ended September 30, 2020.

The Capital Projects Finance Authority (CaPFA) and five legally separate special purpose corporations acting as instrumentalities of CaPFA: CaPFA Capital Corp. 1998B, CaPFA Capital Corp. 2000F, CaPFA Capital Corp. 2010A, CaPFA Capital Corp. 2017A, and CaPFA Capital Corp. 2016A; however, the governing bodies are the same. These entities are blended with the primary government under the business-type activities. CaPFA Capital Corp. 1998B, CaPFA Capital Corp. 2017A and CaPFA Capital Corp. 2016A had no balances and no activity for the year ended September 30, 2020 and are, 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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.

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 nonoperating 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 Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, 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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Basis of Presentation (Continued)

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.

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.

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.

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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2020 were \$13,952, \$3,154, and \$1,222 for the governmental, electric, and water activities, respectively. For the year ended September 30, 2020, bad debt expense netted with revenues were \$597, \$2,620, and \$609 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.

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, 2020 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 Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and proprietary 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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Credits

As a former member of the Glades County Electric Cooperative (the Cooperative), the City of Moore Haven was 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 was 3.5% until withdrawing in 2016. 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.

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 acquisition 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.

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:

Structures and Improvements	7 to 40 Years
Apartment Furniture and Appliances	3 to 7 Years
Transmission, Distribution, and Collection Plant	20 to 40 Years
Machinery and Equipment	3 to 12 Years
Infrastructure	20 Years

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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

In the government-wide and proprietary funds statements of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

In the government-wide and proprietary funds statements of net position, liabilities are recognized for the City's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the City's health plan. The City does not subsidize any premiums for retired participants. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability and changes of benefit terms or actuarial assumptions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the City's statement of net position relate to the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Other Postemployment Benefits Plan. Notes 15 and 19 provide more information on this item. These amounts will be recognized as increases in pension expense and OPEB expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the City's statement of net position relate to the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Other Postemployment Benefits Plan. Notes 15 and 19 provide more information on this item. These amounts will be recognized as reductions in pension expense and OPEB expense in future years.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources (Continued)

Deferred inflows of resources also 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, 2020.

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.

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 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.

Nonspendable 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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

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 Council, the City's highest level of decision making authority. Commitments may be changed or lifted only by the 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.

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 Council. The Council adopted a financial standard to maintain a general fund minimum unassigned fund balance of 17% of general fund operating expenditures.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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."

Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 cannot 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, 2020**

NOTE 3 BUDGETARY INFORMATION (CONTINUED)

The adopted budget is prepared in accordance with U.S. GAAP. The Council also adopts a nonappropriated operating budget for the Electric Fund and Water Fund on a basis consistent with U.S. GAAP, 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, 2020, the City's cash and investments were as follows:

Deposits with Financial Institutions	\$ 13,094,151
Investments Considered as Cash Equivalents	21,999,329
Cash on Hand	6,000
Total	\$ 35,099,480
Cash and Cash Equivalents	\$ 8,355,337
Restricted Cash and Cash Equivalents	26,744,143
Total	\$ 35,099,480

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 \$574,804 and a bank balance of \$125,717 were FDIC insured, but held by the trustee by in the trustee's name.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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	Amortized Cost	Investment Maturities Less Than One Year
US Bank Money Market Account	\$ 16,836,196	\$ 16,836,196
Federated Government Obligation Fund	5,163,133	5,163,133
Total	\$ 21,999,329	\$ 21,999,329

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, 2020**

NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

As of September 30, 2020, CaPFA Capital Corp. 2000F and CaPFA Capital Corp. 2010A's investments were related as follows:

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

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 2010A's investments are held in US Bank Money Market Accounts and Federated Government Obligation Fund, and 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, 2020 is summarized as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated:				
Land	\$ 297,945	\$ 63,436	\$ -	\$ 361,381
Capital Assets Being Depreciated:				
Infrastructure	11,066,152	-	-	11,066,152
Structures and Improvements	1,955,941	-	-	1,955,941
Machinery and Equipment	1,319,723	10,055	73,989	1,255,789
Total Capital Assets Being Depreciated	<u>14,341,816</u>	<u>10,055</u>	<u>73,989</u>	<u>14,277,882</u>
Less Accumulated Depreciation for:				
Infrastructure	7,194,762	244,320	-	7,439,082
Structures and Improvements	671,788	76,242	-	748,030
Machinery and Equipment	1,004,436	79,509	73,989	1,009,956
Total Accumulated Depreciation	<u>8,870,986</u>	<u>400,071</u>	<u>73,989</u>	<u>9,197,068</u>
Capital Assets Being Depreciated, Net	<u>5,470,830</u>	<u>(390,016)</u>	<u>-</u>	<u>5,080,814</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,768,775</u>	<u>\$ (326,580)</u>	<u>\$ -</u>	<u>\$ 5,442,195</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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	30,763	149,923	-	180,686
Total Capital Assets not Being Depreciated	221,263	149,923	-	371,186
Capital Assets Being Depreciated:				
Structures and Improvements	214,624,109	280,680	473,634	214,431,155
Apartment Furniture and Appliances	4,666,157	1,142,062	1,285,596	4,522,623
Transmission, Distribution, and Collection Plants	15,085,416	-	-	15,085,416
Machinery and Equipment	9,761,617	129,251	57,531	9,833,337
Total Capital Assets Being Depreciated	244,137,299	1,551,993	1,816,761	243,872,531
Less Accumulated Depreciation for:				
Structures and Improvements	95,349,135	6,310,162	473,634	101,185,663
Apartment Furniture and Appliances	2,830,163	1,252,277	1,285,596	2,796,844
Transmission, Distribution, and Collection Plants	7,105,043	408,981	-	7,514,024
Machinery and Equipment	8,911,645	185,523	57,531	9,039,637
Total Accumulated Depreciation	114,195,986	8,156,943	1,816,761	120,536,168
Capital Assets Being Depreciated, Net	129,941,313	(6,604,950)	-	123,336,363
Business-Type Activities Capital Assets, Net	<u>\$ 130,162,576</u>	<u>\$ (6,455,027)</u>	<u>\$ -</u>	<u>\$ 123,707,549</u>

Depreciation expense was charged to function/program as follows:

<u>Governmental Activities:</u>		
General Government		\$ 21,875
Public Safety		1,748
Physical Environment		256,480
Transportation		44,953
Culture and Recreation		75,015
Total Depreciation Expense, Governmental Activities		<u>\$ 400,071</u>
<u>Business-Type Activities:</u>		
CaPFA		\$ 7,665,064
Electric		40,312
Water		451,567
Total Depreciation Expense, Business-Type Activities		<u>\$ 8,156,943</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 former member of the Glades County Electric Cooperative, the City of Moore Haven was 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. During the year ended September 30, 2016 the City withdrew from the Cooperative. To date the City has received \$342,951 related to the period 1982 and prior. At September 30, 2020, the amount of the credit balance remaining as computed by the Cooperative was \$490,476.

NOTE 7 LONG-TERM OBLIGATIONS

Changes in long-term debt for the year ended September 30, 2020 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 33,026	\$ 34,618	\$ 33,579	\$ 34,065	\$ 34,065
Governmental Fund Total	<u>\$ 33,026</u>	<u>\$ 34,618</u>	<u>\$ 33,579</u>	<u>\$ 34,065</u>	<u>\$ 34,065</u>
Business-Type Activities:					
Revenue Bonds	\$ 99,044,167	\$ 37,836	\$ 5,010,000	\$ 94,072,003	\$ 5,448,138
Direct Placement Revenue Bonds	3,970,798	-	72,278	3,898,520	74,536
Direct Placement Certificates of Participation	57,409,534	33,592	1,225,000	56,218,126	1,315,000
Compensated Absences	14,631	20,773	16,954	18,450	18,450
Business-Type Fund Total	<u>\$ 160,439,130</u>	<u>\$ 92,201</u>	<u>\$ 6,324,232</u>	<u>\$ 154,207,099</u>	<u>\$ 6,856,124</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Governmental Activities

Compensated absences: This amount represents the City's long-term liability for earned and unpaid vacation benefits as of September 30, 2020, 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.

Direct Placement 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.

Direct Placement 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.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Business-Type Activities (Continued)

The long-term debt at September 30, 2020 is summarized as follows:

	Balance
Revenue Bonds	
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.	\$ 94,155,000
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
Direct Placement Debt	
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.	56,875,000
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.	3,898,520
Total Debt	155,106,658
Add: Bond Premiums	455,023
Less: Bond Discounts	(1,373,032)
	154,188,649
Current Maturities	(6,837,674)
Total Long-Term Debt Net of Bond Discounts, Bond Premiums, and Current Maturities	\$ 147,350,975

The total interest expensed for the year ended September 30, 2020 was \$8,777,620.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Business-Type Activities (Continued)

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

<u>Year Ending September 30,</u>	<u>Revenue Bonds</u>		<u>Direct Placement Revenue Bonds</u>		<u>Direct Placement Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 5,448,138	\$ 4,798,423	\$ 74,536	\$ 121,829	\$ 1,315,000	\$ 3,812,050	\$ 15,569,976
2022	5,540,000	4,309,213	76,866	119,499	1,380,000	3,749,909	15,175,487
2023	5,825,000	4,021,625	79,268	117,097	1,475,000	3,656,663	15,174,653
2024	6,115,000	3,723,125	81,745	114,620	1,570,000	3,557,453	15,161,943
2025	6,420,000	3,409,750	84,299	112,066	1,675,000	3,451,784	15,152,899
2026-2030	37,250,000	11,771,750	462,698	519,128	10,240,000	15,404,750	75,648,326
2031-2035	27,735,000	1,649,875	539,657	442,169	14,285,000	11,352,116	56,003,817
2036-2040	-	-	629,415	352,411	19,975,000	5,667,406	26,624,232
2041-2045	-	-	734,103	247,723	4,960,000	170,500	6,112,326
2046-2050	-	-	856,203	125,623	-	-	981,826
2051-2053	-	-	279,730	11,620	-	-	291,350
Total	\$ 94,333,138	\$ 33,683,761	\$ 3,898,520	\$ 2,283,785	\$ 56,875,000	\$ 50,822,631	\$ 241,896,835

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, 2020 was \$250,010.

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 \$161,242 as of September 30, 2020.

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, 2020 was \$37,796.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

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

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, 2020 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, 2020 was \$7,773,995.

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, 2020 was \$7,064,583.

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, 2020 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, 2020 was \$504,902.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 was \$-0-.

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, 2020 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, 2020 was \$-0-.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 was \$198,150.

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 \$5,163,151 as of September 30, 2020.

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, 2020 was \$219,936.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

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

Capital Replacement Reserve

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, 2020 was \$1,097,515.

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, 2020 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, 2020 was \$-0-.

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, 2020 was \$-0-.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

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, 2020 was \$-0-.

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, 2020 was \$16,364.

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, 2020 was calculated to be \$150,547. The balance in the Third Subordinate Reserve Account at September 30, 2020 was \$150,547.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Provisions of Revenue Bond Resolutions – Water Fund (Continued)

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, 2020 was \$-0-.

Asset Management Reserve Fund

The bond documents require the Issuer to establish an Asset Management Reserve Fund to be used exclusively for the purpose of paying expenditures required for the renewal and replacement of short-lived assets of the System. After having made the deposits to the Sinking Fund as noted above, the Issuer shall transfer on or before the 20th day of each month from surplus funds in the Revenue Fund and deposit to the credit of the Asset Management Reserve Fund an amount equal to one-twelfth (1/12) of the required annual deposit of \$37,510 (the "Annual Deposit"), and monthly thereafter, provided that the maximum amount required to be on deposit in the Asset Management Reserve Fund shall not exceed the sum of ten (10) Annual Deposits.". The balance in the Asset Management Reserve Fund at September 30, 2020 was \$262,570.

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 5.123%. At September 30, 2020, the Bond Insurer has provided protective advances totaling \$27,890,039. Accrued interest on the outstanding advances as of September 30, 2020 totaled \$1,447,105.

On April 11, 2013, the second amendment to the protective advance agreement assigned all of the Bond Insurer's rights, title, and interests in and to the protective advance to American Campus Communities Operating Partnership LP.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 9 BOND INSURER ADVANCE

In accordance with the bond insurance policy with the Bond Insurer, during fiscal years 2012 and 2013 a total of 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 5.123% and are payable upon demand. At September 30, 2020, the Bond Insurer has advanced funds totaling \$16,624,354. Accrued interest on the outstanding advances as of September 30, 2020 totaled \$8,890,646.

On April 11, 2013, the second amendment to the protective advance agreement assigned all of the Bond Insurer's rights, title, and interests in and to the bond insurer advance to American Campus Communities Operating Partnership LP.

NOTE 10 LEASES

CaPFA 2000F leases office equipment from a third party under a long-term operating lease, which expires in 2023. The future minimum rental payments due under the lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 17,219
2022	17,219
2023	14,085
2024	4,685
2025	2,188
Total	<u>\$ 55,396</u>

Rental expense was \$12,534 for CaPFA 2000F for the year ended September 30, 2020.

CaPFA 2000F leases land in Orlando, Florida which has been developed and is used as student housing under a noncancelable 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, 2020, 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 noncancelable 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, 2020**

NOTE 11 INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended September 30, 2020 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General	\$ 688,599	\$ 685
CRA	685	-
Total Governmental Activities	<u>\$ 689,284</u>	<u>\$ 685</u>
Business-Type Activities:		
CaPFA	\$ -	\$ 80,824
Electric	-	555,452
Water	80,824	133,147
Total Business-Type Activities	<u>\$ 80,824</u>	<u>\$ 769,423</u>

Transfers were made to move unrestricted business-type revenues to the General Fund to subsidize operations and transfers were made to the Water Fund for budgeted amounts and as reimbursement for certain expenses.

The composition of interfund receivables and payables as of September 30, 2020 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Activities:		
General	<u>\$ 6,079</u>	<u>\$ 43,506</u>
Business-Type Activities:		
CaPFA	<u>\$ 43,506</u>	<u>\$ 6,079</u>
Total Business-Type Activities	<u>\$ 43,506</u>	<u>\$ 6,079</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, 2020**

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	\$ 5,000	\$ 14,373,849	\$ 219,384
Capital Assets, Net	-	84,947,449	30,457,108
Restricted Assets, Cash and Cash Equivalents	1,946,689	8,626,289	6,678,751
Prepaid Bond Insurance, Net	-	2,570,069	-
Advances to Other Funds	43,506	-	-
Advance to Joint Venture	233,728	-	-
Total Assets	<u>2,228,923</u>	<u>110,517,656</u>	<u>37,355,243</u>
LIABILITIES			
Current Liabilities	-	64,261,257	2,720,592
Due to Other Funds	-	-	6,079
Noncurrent Liabilities	-	89,131,162	54,903,127
Total Liabilities	<u>-</u>	<u>153,392,419</u>	<u>57,629,798</u>
NET POSITION (DEFICIT)			
Net investment in Capital Assets	-	(22,194,498)	(21,320,781)
Restricted for Capital Projects	1,946,689	-	-
Restricted for Renewal and Replacement	-	-	1,097,515
Restricted for Insurance	-	-	219,936
Unrestricted Net Position (Deficit)	282,234	(20,680,265)	(271,225)
Total Net Position (Deficit)	<u>\$ 2,228,923</u>	<u>\$ (42,874,763)</u>	<u>\$ (20,274,555)</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12 SEGMENT INFORMATION (CONTINUED)

	<u>CaPFA</u>	<u>CaPFA Capital Corp. 2000F</u>	<u>CaPFA Capital Corp. 2010A</u>
Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)			
OPERATING INCOME			
Lease and Rental Income	\$ -	\$ 31,227,413	\$ 7,399,194
Other Tenant Income	-	825,320	-
Issuer and Management Fees	112,127	-	-
Depreciation	-	(5,885,214)	(1,779,850)
Other Operating Expenses	(86,568)	(12,112,847)	(2,044,476)
Net Operating Income	<u>25,559</u>	<u>14,054,672</u>	<u>3,574,868</u>
NONOPERATING REVENUE (EXPENSES)			
Investment Income	7,633	36,890	44,143
Interest Expense	-	(7,481,731)	(3,915,641)
Financing Fees	-	(50,244)	-
Total Nonoperating Revenues (Expenses)	<u>7,633</u>	<u>(7,495,085)</u>	<u>(3,871,498)</u>
TRANSFERS	<u>192,726</u>	<u>-</u>	<u>(273,550)</u>
CHANGE IN NET POSITION (DEFICIT)	<u>225,918</u>	<u>6,559,587</u>	<u>(570,180)</u>
Net Position (Deficit) – Beginning	2,003,005	(49,434,350)	(19,704,375)
NET POSITION (DEFICIT) – END	<u><u>\$ 2,228,923</u></u>	<u><u>\$ (42,874,763)</u></u>	<u><u>\$ (20,274,555)</u></u>
Condensed Statement of Cash Flows			
NET CASH FROM			
Operating Activities	\$ 8,757	\$ 19,780,699	\$ 5,407,645
Noncapital Financing Activities	(5,002)	-	(273,550)
Capital and Related Financing Activities	-	(11,552,548)	(5,150,754)
Investing Activities	<u>7,633</u>	<u>36,890</u>	<u>44,144</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>11,388</u>	<u>8,265,041</u>	<u>27,485</u>
Net Cash and Cash Equivalents – Beginning	1,935,301	13,377,480	6,786,787
NET CASH AND CASH EQUIVALENTS – END	<u><u>\$ 1,946,689</u></u>	<u><u>\$ 21,642,521</u></u>	<u><u>\$ 6,814,272</u></u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 is \$-0-.

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 of each year. 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.

Multipurpose Room

Effective December 1, 2019, CaPFA entered into an agreement with Camp Construction Services for Construction services for multipurpose room and first class study lounge at Knight's Circle in the amount of \$163,035. At September 30, 2020, amounts paid for work completed to date totaled \$65,214 and amounts remaining totaled \$97,821.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Management Contract

Effective February 1, 2020, CaPFA entered into an agreement with Asset Campus USA, LLC. to manage the Project for 12 months, with automatic renewal for two additional 12-month terms unless terminated under certain provisions of the agreement. The management fee through the expiration of this agreement in January 2023 is \$1,951,281.

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 indicated it has no intent to accelerate payments at this time; however, the Bond Insurer also has not waived its rights and remedies of the Trust Indenture.

Letter of Credit

On June 29, 2016, the City entered into a revocable letter of credit (the letter) with First Bank, which serves as the security deposit for Florida Power & Light Company (FPL), the City's electric provider. The letter is in the amount of \$250,000 and is available to FPL if the City causes an event of default under the electric agreement or if First Bank notifies FPL the letter will not be extended beyond the expiry date and the City fails to provide alternative security within 10 days of the expiry date. The letter is for a term of one year and expires on June 30. The letter renews automatically for one year unless First Bank provides notification at least 30 days prior to expiry date. As of September 30, 2020, no amounts have been drawn on the letter.

COVID-19 Pandemic

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 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, 2020, the City received \$153,575 and \$30,000 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.

NOTE 15 DEFINED BENEFIT PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the state-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The City's pension expense totaled \$253,669 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2020.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected City Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62, or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the member's five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the member's eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service:	Percent Value
Regular Class Members Initially Enrolled before July 1, 2011	
Retirement up to Age 62 or up to 30 Years of Service	1.60
Retirement at Age 63 or with 31 Years of Service	1.63
Retirement at Age 64 or with 32 Years of Service	1.65
Retirement at Age 65 or with 33 Years of Service	1.68
 Regular Class Members Initially Enrolled on or after July 1, 2011	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement at Age 66 or with 34 Years of Service	1.63
Retirement at Age 67 or with 35 Years of Service	1.65
Retirement at Age 68 or with 36 Years of Service	1.68
 Elected City Officers	 3.00
 Senior Management Service Class	 2.00
 Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the City, effective July 1, 2019, were applied to employee salaries as follows: regular employees 6.75%, City elected officials 47.10%, senior management 23.69%, DROP participants 12.94% and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage 3.56%. The City's contributions to the FRS Plan were \$73,732 for the year ended September 30, 2020.

Pension Costs

At September 30, 2020, the City reported a liability of \$989,481 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2020, the City's proportion was 0.00228%, which was an increase of 0.00001% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$213,058 for its proportionate share of FRS's pension expense. In addition, the City reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 37,869	\$ -
Changes in Actuarial Assumptions	179,128	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	58,915	-
Changes in Proportion and Differences Between City		
Contributions and Proportionate Share of Contributions	59,848	5,403
City Contributions Subsequent to the Measurement Date	23,218	-
Total	<u>\$ 358,978</u>	<u>\$ 5,403</u>

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$23,218 reported as deferred outflows of resources related to pensions resulting from City contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2021	\$ 68,637
2022	102,466
2023	88,564
2024	56,022
2025	14,668

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Totals	<u>100.0%</u>			
Assumed Inflation – Mean			2.4%	1.7%

Discount Rate

The discount rate used to measure the total pension liability changed from 6.90% to 6.80% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	5.80%	6.80%	7.80%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 1,580,035	\$ 989,481	\$ 496,248

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$18,749 for the year ended September 30, 2020.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs

At September 30, 2020, the City reported a liability of \$397,827 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all participating employers. At June 30, 2020, the City's proportion was 0.00326%, which was an increase of 0.00011% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$40,611 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 16,274	\$ 307
Changes in Actuarial Assumptions	42,778	23,132
Net Difference Between Projected and Actual Earnings on HIS Program Investments	318	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	49,795	2,168
City Contributions Subsequent to the Measurement Date	4,941	-
Total	<u>\$ 114,106</u>	<u>\$ 25,607</u>

\$4,941 reported as deferred outflows of resources related to pensions resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 18,428
2022	16,282
2023	11,575
2024	13,711
2025	14,779
Thereafter	8,783

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

HIS Actuarial Assumptions

Inflation	2.40% per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	2.21%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability changed from 3.50% to 2.21% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	1.21%	2.21%	3.21%
Authority's Proportionate Share of the HIS Plan Net Pension Liability	\$ 459,871	\$ 397,827	\$ 247,045

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website (<http://www.dms.myflorida.com>).

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the City's defined benefit pension plans as summarized below:

	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 989,481	\$ 397,827	\$ 1,387,308
Deferred Outflows of Resources Related to Pensions	358,978	114,106	473,084
Deferred Inflows of Resources Related to Pensions	5,403	25,607	31,010
Pension Expense	213,058	40,611	253,669

NOTE 16 DEFINED CONTRIBUTION PLAN

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 16 DEFINED CONTRIBUTION PLAN (CONTINUED)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$14,246 for the year ended September 30, 2020.

NOTE 17 FUND DEFICIT

The following funds had a net position deficit as of September 30, 2020:

CAPFA Fund	\$ (60,920,395)
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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 noncash 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 noncash expenses. This condition is not the result of deteriorating financial conditions.

NOTE 18 RISK MANAGEMENT

Employee Benefits: The City has obtained employee health insurance coverage from a commercial company. For the fiscal year ended September 30, 2020, the City has incurred health insurance expense of \$223,678. There have been no claims in excess of insurance coverage as of September 30, 2020.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 18 RISK MANAGEMENT (CONTINUED)

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, 2020.

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 19 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Funding Policy

The City provides postretirement 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, 2020, no retirees have elected to participate in the health care plan.

No trust or agency fund has been established for the plan.

The plan does not issue a separate financial report.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 19 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Participant Data

As of September 30, 2020, the following employees were covered by the benefit terms:

	Valuation Date September 30, 2019
Active Employees Electing Coverage	21
Actives Waiving Coverage	0
Retirees Electing Coverage	0
Total Employees	21

Total OPEB Liability

The City's total OPEB liability of \$88,320 was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2019. The following table shows the changes in the County's total OPEB liability for the year ended September 30, 2020.

Total OPEB Liability	
Balance - October 1, 2019 ¹	\$ 180,044
Changes:	
Service Cost	11,205
Interest	6,794
Differences Between Expected and Actual Experience	(101,272)
Changes of Assumptions	19,253
Benefit Payments	(27,704)
Net Change	(91,724)
Balance - September 30, 2020 ¹	\$ 88,320

¹ The City has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current fiscal year.

OPEB Liability Discount Rate Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	1.75%	2.75%	3.75%
Total OPEB Liability	\$ 95,623	\$ 88,320	\$ 81,478

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 19 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

OPEB Liability Health Care Trend Rate Sensitivity

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

<u>Description</u>	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
OPEB Plan Trend Rate	5.40%	6.40%	7.40%
Total OPEB Liability	\$ 78,161	\$ 88,320	\$ 100,444

Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City's OPEB expense was \$(73,114). In addition, the City reported deferred outflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
City Benefit Payments Subsequent to the Measurement Date	\$ 9,094	\$ -
Total	<u>\$ 9,094</u>	<u>\$ -</u>

\$9,094 reported as deferred outflows of resources related to OPEB resulting from City implicit contributions to the OPEB Plan subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2021.

Methods and Assumptions

The City uses the alternative measurement method. The alternative measurement method only allows amortization of investment gains and losses. All other gains and losses due to experience and assumption changes are recognized immediately in the annual OPEB expense.

Actuarial valuations of an ongoing plan involve 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 are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 19 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Methods and Assumptions (Continued)

Calculations for financial reporting purposes are based on the benefits provided under terms of the plan as understood by the employer and the plan members in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial 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.

The actuarial method is:

Actuarial cost method	Entry Age Normal level percent of pay
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The actuarial assumptions are:

Discount rate	2.75% (Based on the 20-year municipal bond rates)
Healthcare cost trend rate	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.00% in FY2076 and later years.
Expected return on plan assets	N/A
Inflation rate	2.50%
Retirement Age	Latest of age 62, plan eligibility or current age.
Coverage Elections	50% of the employees expected to retire in the future are assumed to elect coverage at retirement, continue coverage to age 65 and then waive coverage. Employees currently waiving coverage are assumed to waive coverage at retirement.

**CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 19 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Methods and Assumptions (Continued)

Medicare Eligibility	100% of current and future retirees under age 65 are assumed to become Medicare eligible at the later of age 65 or retirement. Actual Medicare status was used for retired members.
Disability	None.

Mortality rates were based on assumptions used in the July 1, 2019 Florida Retirement System Pension Plan actuarial valuation: Pub-2010 headcount weighted, below median healthy mortality tables, setback 1 year for males for non-disabled mortality, and set forward 3 years for males for disabled mortality. Generational projections using scale MP-2018.

The following change was recognized under GASB 75 during the fiscal year:

The discount rate was changed from 3.83% to 2.75% based on updated 20-year municipal bond rates.

Health care trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita claims costs were updated to reflect recent experience.

Withdrawal, mortality, and salary increase rates were updated from the rates based on the 7/1/2017 Florida Retirement System Pension Plan actuarial valuation to rates based on the 7/1/2019 valuation.

The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

CITY OF MOORE HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 20 SUBSEQUENT EVENTS

On October 15, 2020 CaPFA 2000F issued the Student Housing Refunding Revenue Bonds, Series 2020A-1 (Series 2020A-1) and the Student Housing Refunding Revenue Bonds, Taxable Series 2020A-2 (Series 2020A-2) in the amounts of \$126,115,000 and \$22,200,000, respectively for the purposes of (i) refunding the Refunded Bonds, (ii) refinancing the Prior Mortgage Advances, (iii) funding deposits to the Debt Service Reserve Fund and the COVID Fund, and (iv) financing the costs of issuing the Series 2020A Bonds.

The Series 2020A-1 and 2020A-2 proceeds were used to redeem the outstanding principal and interest balances on the Senior Series 2000F-1 bonds, the Subordinate Series G bonds, the Bond Issuer Advance and the Protective Advance.

On October 13, 2020 CaPFA 2010A issued the Series 2020A Certificates of Participation (John F. Kennedy High School Refunding and Energy Efficiency Project), in the amount of \$65,425,000 for the purposes of (i) refinance and prepay the rental payments represented by the outstanding Series 2010A Certificates of Participation (John F. Kennedy High School Project), (ii) finance the acquisition, construction and installation of energy improvement including solar voltaic array at the John F. Kennedy High School located in Guam and leased to lessee by lessor pursuant to the lease, (iii) fund capitalized interest for a portion of the Certificates to and including August 1, 2021, and (iv) pay certain delivery costs of the Certificates and of such refinancing and prepayment of the 2010A Certificates.

The Series 2020A proceeds were used to redeem the outstanding principal and interest balances on the 2010A Certificates and to set up a project fund to be used for the payment of project costs.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**CITY OF MOORE HAVEN, FLORIDA
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ¹**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 11,205	\$ 11,764	\$ 11,713
Interest	6,794	6,752	5,982
Differences Between Expected and Actual Experience	(101,272)	-	-
Changes of Assumptions	19,253	(10,675)	(5,049)
Benefit Payments	<u>(27,704)</u>	<u>(17,921)</u>	<u>(7,552)</u>
Net Change in Total OPEB Liability	(91,724)	(10,080)	5,094
Total OPEB Liability - Beginning of Year	<u>180,044</u>	<u>190,124</u>	<u>185,030</u>
Total OPEB Liability - End of Year	<u>\$ 88,320</u>	<u>\$ 180,044</u>	<u>\$ 190,124</u>
Covered Employee Payroll	\$ 1,120,142	\$ 900,020	\$ 851,949
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.88%	20.00%	22.32%

¹ The City implemented GASB Statements No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN *
LAST 10 FISCAL YEARS ¹

	2020	2019	2018	2017	2016	2015	2014
City of Moore Haven, Florida's Proportion of the Net Pension Liability	0.002282990%	0.002271527%	0.195455500%	0.001905069%	0.001756239%	0.001931602%	0.001907122%
City of Moore Haven, Florida's Proportionate Share of the Net Pension Liability	\$ 989,481	\$ 782,282	\$ 588,722	\$ 563,507	\$ 443,452	\$ 249,492	\$ 116,362
City of Moore Haven, Florida's Covered Payroll	\$ 1,130,834	\$ 1,053,988	\$ 877,263	\$ 843,212	\$ 802,621	\$ 800,886	\$ 820,567
City of Moore Haven, Florida's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	87.50%	74.22%	67.11%	66.83%	55.25%	31.15%	14.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF CITY'S CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN *
LAST 10 FISCAL YEARS ¹**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 73,732	\$ 72,236	\$ 57,729	\$ 49,472	\$ 42,509	\$ 42,135	\$ 41,792
Contributions in Relation to the Contractually Required Contribution	<u>(73,732)</u>	<u>(72,236)</u>	<u>(57,729)</u>	<u>(49,472)</u>	<u>(42,509)</u>	<u>(42,135)</u>	<u>(41,792)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,129,447	\$ 1,100,887	\$ 900,804	\$ 851,948	\$ 842,767	\$ 799,845	\$ 793,147
Contributions as a Percentage of Covered Payroll	6.53%	6.56%	6.41%	5.81%	5.04%	5.27%	5.27%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN *
LAST 10 FISCAL YEARS ¹

	2020	2019	2018	2017	2016	2015	2014
City of Moore Haven, Florida's Proportion of the Net Pension Liability	0.003258253%	0.003151528%	0.002685956%	0.002645433%	0.002583764%	0.002639949%	0.002666834%
City of Moore Haven, Florida's Proportionate Share of the Net Pension Liability	\$ 397,827	\$ 352,624	\$ 284,285	\$ 282,862	\$ 301,127	\$ 269,233	\$ 249,355
City of Moore Haven, Florida's Covered Payroll	\$ 1,130,834	\$ 1,053,988	\$ 877,263	\$ 843,212	\$ 802,621	\$ 800,886	\$ 820,567
City of Moore Haven, Florida's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	35.18%	33.46%	32.41%	33.55%	37.52%	33.62%	30.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF CITY'S CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN *
LAST 10 FISCAL YEARS ¹**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 18,748	\$ 18,275	\$ 14,953	\$ 14,142	\$ 13,990	\$ 10,797	\$ 9,626
Contributions in Relation to the Contractually Required Contribution	<u>(18,748)</u>	<u>(18,275)</u>	<u>(14,953)</u>	<u>(14,142)</u>	<u>(13,990)</u>	<u>(10,797)</u>	<u>(9,626)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,129,447	\$ 1,100,887	\$ 900,804	\$ 851,948	\$ 842,767	\$ 799,845	\$ 793,147
Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.21%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

GOVERNMENT AUDITING STANDARDS



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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 28, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 that we consider to be material weaknesses.

Honorable Mayor and City Council
City of Moore Haven, Florida

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 them.

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
July 28, 2021

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2020-001 Annual Financial Reporting Under Generally Accepted Accounting Principles

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition

The City does not have an internal control policy in place over annual financial reporting that would enable management to ensure its annual financial statements and related note disclosures are complete and presented in accordance with U.S. GAAP.

Cause

The City relies on the audit firm to prepare the annual financial statements and related note disclosures. However, they have reviewed and approved the annual financial statements and the related note disclosures.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

Repeat Finding

The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2019-001.

Recommendation

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials and Planned Corrective Actions

City staff has noted this recommendation; however, as small as the City is, it is not feasible to hire more staff. The City will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings (Continued)

2020-002 Audit Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

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. Management reviews, approves and takes responsibility for the proposed audit adjustments.

Cause

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

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.

Repeat Finding

The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2019-002.

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 and Planned Corrective Actions

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.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings (Continued)

2020-003 Terminated Employees with User Rights

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria

Upon separation from the City user access to the accounting system should be removed.

Condition

As part of the audit, we reviewed user access rights to the accounting system and noted two terminated employees had user rights.

Cause

Importance of user access rights was overlooked due to limited number of people with access and very little turnover in accounting staff.

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.

Repeat Finding

No.

Recommendation

We recommend user right be removed upon termination of employment. Removal of user right should be a part of the termination process.

Views of Responsible Officials and Planned Corrective Actions

City staff has noted the recommendation; the City has since started removing all access from anyone on the accounts that is no longer an employee of the City.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings (Continued)

2020-004 Inaccurate Schedules and Account Reconciliations

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria

All financial statement accounts with material balances should be reconciled throughout the course of the fiscal year and within a reasonable amount of time after year end.

Condition

Many accounts were not reconciled for the year ended September 30, 2020. In numerous instances, reports provided to us for audit had balances that did not agree to the respective general ledger balance or were incomplete.

Cause

The City has a limited number of personnel in the Finance Department. Therefore, they do not have the resources to have one person prepare the reconciliations and a separate individual to review them. Adequate reviews are not being performed.

Effect

Not performing timely reconciliations that are complete and accurate can result in inaccurate and potentially materially misstated financial statements.

Repeat Finding

No.

Recommendation

We recommend the City Clerk review schedules and reconciliations prepared by her staff to verify accuracy and completeness. We recommend schedules and reconciliations prepared by the City Clerk be reviewed by the Deputy City Clerk for accuracy and completeness. In addition, we recommend finance personnel perform a self-review to assure reports and reconciliations prepared by them are complete and accurate.

Views of Responsible Officials and Planned Corrective Actions

City staff has noted the recommendation; the City Clerk will review all schedules and reconciliations prepared by staff and have the Deputy City Clerk review all entries made by the City Clerk.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings (Continued)

2020-005 Electronic Banking Access

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria

All electronic banking activity should have procedures in place to document and limit who has access to initial and transfer City funds.

Condition

During our review of the City's policies and procedures over electronic banking, it was noted the former City Clerk had online access to the bank accounts and was the only person with electronic access to certain certificate of deposit accounts.

Cause

Importance of terminating online access was overlooked due to limited number of people with access and very little turnover in accounting staff.

Effect

There is the potential for unauthorized activity.

Repeat Finding

No.

Recommendation

We recommend developing procedures to terminate banking access in a timely manner for those no longer required to have access. As part of these procedures, the City should periodically review who has online access and signing authority over the City's accounts and determine if continued access is appropriate.

Views of Responsible Officials and Planned Corrective Actions

City staff has noted the recommendation; the City has since started removing all access from anyone on the accounts that is no longer an employee of the City. Going forward the City Clerk will review as needed when employees leave or any changes are needed.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings (Continued)

2020-006 Physical Documentation of Preparation and Review

Type of Finding: Management Letter Comment

Criteria

Who prepared and reviewed reconciliations and schedules should be documented in order to verify controls in place are being performed properly by the appropriate person.

Condition

Physical documentation of who prepared and who reviewed reconciliations and schedules was not present.

Cause

Limited number of the accounting staff and lack of detailed policies and procedures.

Effect

Without physical documentation of the preparation and review process there is no evidence of who prepared the document and who reviewed it making it difficult to determine responsibility if there are errors.

Repeat Finding

No.

Recommendation

We recommend that all schedules and reconciliations be signed or initialed and dated by the preparer and reviewer so that responsibility can be easily determined.

Views of Responsible Officials and Planned Corrective Actions

City staff has noted this recommendation; staff will make sure to initial/sign and date all work completed so the responsibility can be easily determined.

**CITY OF MOORE HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Financial Statement Findings (Continued)

2020-007 Florida Statute Chapter 280

Type of Finding: Management Letter Comment

Criteria

Florida Statute Chapter 280.17 (6) Each public depositor shall submit by November 30 an annual report to the Chief Financial Officer.

Condition

The DFS-J1-1009 form was not file until February 2021.

Cause

Management was not aware of the deadline for the DFS-J1-1009 form and the reminders sent by the State were going to the old City clerk's email account which was not being monitored.

Effect

If a public depositor does not comply with this section on each public deposit account, the protection from loss provided in s. 280.18 is not effective as to that public deposit account. However, the protection from loss provided in s. 280.18 remains effective if a public depositor fails to present the form prescribed by the Chief Financial Officer for identification of public deposit accounts and the Chief Financial Officer determines that the defaulting or insolvent depository had classified, reported, and collateralized the account as a public deposit account.

Repeat Finding

No.

Recommendation

The City should file the DFS-J1-1009 form by the required due date.

Views of Responsible Officials and Planned Corrective Actions

The City staff has noted this recommendation; The City Clerk will mark the calendar for October to assure the DFS-JI-1009 is filed by the November deadline.



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, 2020, and have issued our report thereon dated July 28, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated July 28, 2021, 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 the status of findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we identified two such findings which are described in the accompanying schedule of findings and responses as item 2020-006 and 2020-007.

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
July 28, 2021

**CITY OF MOORE HAVEN, FLORIDA
MANAGEMENT LETTER
EXHIBIT A
SEPTEMBER 30, 2020**

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2018-2019	2017-2018	Cleared	Partially Cleared	Not Cleared
2019-001 Annual Financial Reporting Under Generally Accepted Accounting Principles	Material Weakness	2020-001	2019-001	2018-001			X
2019-002 Audit Adjustments	Material Weakness	2020-002	2019-002	2018-002			X



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, 2020. Management of the City is responsible for the City's compliance with specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020.

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
July 28, 2021