CITY OF GREEN
COVE SPRINGS, FLORIDA

FINANCIAL STATEMENTS AND AUDITORS' REPORTS
September 30, 2023

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FINANCIAL SECTION

PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 16 to the financial statements, prior period adjustments were made to correct several items. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial

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INDEPENDENT AUDITOR'S REPORT

statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major governmental and business-type fund statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the combining non-major governmental and business-type fund statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2024, 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.

Purvis Gray

June 13, 2024
Gainesville, Florida

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities. The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify the changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements and independent auditors' report (beginning on Page 1).

Financial Highlights

- The City's assets (plus deferred outflows of resources) exceeded its liabilities (plus deferred inflows of resources) at the close of fiscal year 2023 by $66,625,646 (net position). Of this amount, $2,784,382 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position decreased by $1,646,992 during the year or a 2% decrease compared to the prior year net position. Net position for governmental activities increased by $1,267,288 or 5% while the business-type activities' net position decreased by $2,914,280 or 7%.
- Total combined revenues resulting from governmental activities and business-type activities decreased $470,151 or 1% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities increased $3,212,746 or 10% when compared to the prior year.
- Previously reported net position was restated to reflect the correction of an error in reporting September 30, 2022 financial statement elements related to the accounting for the City's health insurance activities. This restatement also corrects previous accounting for grant revenue. The total net position of the governmental activities decreased by $460,813 and the business-type activities total net position decreased by $272,783 because of this restatement. See Note 16 of the notes to the financial statement for more information on this restatement.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,153,623 a decrease of $1,086,051 or 29% for the year when compared to the previous year (as restated).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The Statement of Net Position and Statement of Activities seek to give the user a combined overview of the City's financial position.

The financial statements use accrual accounting (which focuses on economic resources) in the government-wide statements, while maintaining modified accrual accounting (which focuses on current financial resources–budget basis) at the fund level (governmental funds only).

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

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, public safety, physical environment, transportation, culture and recreation and interest on long-term debt. The business-type activities of the City consist of electric, water, sewer, solid waste collection, and stormwater. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

The Statement of Net Position presents information on all the City's assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources), with the difference between the two reported as net position. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be like bottom line results for businesses. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's taxes and other general revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy by various business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the 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. The funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Traditional users of governmental financial statements may find the fund financial statement presentation more familiar.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six separate governmental funds – the general fund, disaster recovery special revenue fund, building permit special revenue fund, special law enforcement special revenue fund and two capital project funds. Only the general fund is considered a major fund. Information is presented separately for the major fund in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance which can be found by referring to the table of contents of this report. The non-major funds have been combined in the column entitled "non-major governmental funds" on these two statements. Separate schedules of the non-major funds can be found in the "Other Supplementary Information" section by referring to the table of contents of this report.

The City adopts an annual appropriated budget each year in September. Budgetary comparison statements have been provided to demonstrate compliance with the budget. These can be found for the General Fund in the "Required Supplementary Information" section by referring to the table of contents of this report.

The basic governmental funds financial statements can be found by referring to the table of contents of this report and the presentation is on the current financial resources measurement focus. This is the way the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

Proprietary Funds. The City maintains five enterprise funds and one internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its electric, water, wastewater, solid waste, and stormwater activities. The basic proprietary fund financial statements can be found by referring to the table of contents of this report. On those pages, the solid waste and stormwater funds are combined and shown as non-major funds. Combining statements for the non-major funds can be found in the "Other Supplementary Information" section by referring to the table of contents of this report. The other proprietary fund type known as internal service funds is an accounting device used to accumulate and allocate costs internally among a government's various functions. The City utilizes one internal service "customer service" fund to account for customer services provided to the proprietary funds.

Fiduciary Funds. Fiduciary funds are used to account for pension resources held for the benefit of parties outside the City as well as certain fees collected on behalf of other governments. Fiduciary funds are not reflected in the government–wide financial statements because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements for the police officers' pension plan can be found by referring to the table of contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found by referring to the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's net position was $66,625,646. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position by referring to the table of contents of this report.

Statement of Net Position (Summary)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Current and other assets	$ 7,067,207	$ 8,626,736	$ 14,692,050	$ 18,742,192	$ 21,759,257	$ 27,368,928
Capital assets	29,703,624	27,937,728	52,548,853	49,972,775	82,252,477	77,910,503
Total assets	36,770,831	36,564,464	67,240,903	68,714,967	104,011,734	105,279,431
Deferred outflows	2,267,389	2,527,938	1,033,524	759,011	3,300,913	3,286,949
Current liabilities	3,115,338	4,823,643	3,514,950	3,652,082	6,630,288	8,475,725
Non-current liabilities	5,139,309	4,004,171	27,132,293	25,008,816	32,271,602	29,012,987
Total liabilities	8,254,647	8,827,814	30,647,243	28,660,898	38,901,890	37,488,712
Deferred inflows	1,602,488	1,889,978	182,623	181,456	1,785,111	2,071,434
Net position:						
Net investment in capital assets	28,645,624	26,661,728	28,656,850	27,430,231	57,302,474	54,091,959
Restricted	4,160,301	4,203,183	2,378,489	2,845,106	6,538,790	7,048,289
Unrestricted	(3,624,840)	(2,490,301)	6,409,222	10,356,287	2,784,382	7,865,986
Total net position	$ 29,181,085	$ 28,374,610	$ 37,444,561	$ 40,631,624	$ 66,625,646	$ 69,006,234

On September 30, 2023, approximately 86% of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding, compared to 78% for the prior year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in 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.

Approximately 9% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 10% in the prior year. The remaining balance of unrestricted net position, $2,784,382 or 5% of the City's net position in 2023 may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease in unrestricted net position of $5,081,604 or 65% for the year.

Statement of Activities. The following table reflects a summary of the Statement of Activities which can be found by referring to the table of contents of this report.

Statement of Activities (Summary)
For the year ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues:						
Program Revenues:						
Charges for services	$ 1,262,894	$ 1,557,400	$ 20,710,163	$ 22,487,940	$ 21,973,057	$ 24,045,340
Operating grants/contrib.	516,860	536,035	-	-	516,860	536,035
Capital grants/contrib.	1,831,788	-	462,098	1,702,329	2,293,886	1,702,329
General revenues:						
Property taxes	2,738,310	2,042,197	-	-	2,738,310	2,042,197
Sales taxes	2,207,183	1,807,904	-	-	2,207,183	1,807,904
Pub svc tax/franchise fees	752,889	642,909	-	-	752,889	642,909
Other taxes	35,060	35,532	-	-	35,060	35,532
Other intergovernmental revenue	1,233,530	1,730,085	-	-	1,233,530	1,730,085
State shared revenue	460,735	365,272	-	-	460,735	365,272
Other	174,300	123,923	279,027	103,462	453,327	227,385
Total revenues	11,213,549	8,841,257	21,451,288	24,293,731	32,664,837	33,134,988
Expenses:						
Governmental activities:						
General government	3,073,080	2,256,982	-	-	3,073,080	2,256,982
Public safety	4,521,018	3,680,870	-	-	4,521,018	3,680,870
Transportation	1,818,156	1,650,013	-	-	1,818,156	1,650,013
Physical environment	420,046	344,218	-	-	420,046	344,218
Culture and recreation	1,295,289	1,094,352	-	-	1,295,289	1,094,352
Interest on long-term debt	22,947	26,643	-	-	22,947	26,643
Business-type activities:						
Electric	-	-	15,361,278	15,950,031	15,361,278	15,950,031
Water	-	-	2,894,941	2,207,691	2,894,941	2,207,691
Sewer	-	-	3,322,756	2,745,686	3,322,756	2,745,686
Solid waste	-	-	1,146,173	884,084	1,146,173	884,084
Stormwater	-	-	436,145	258,513	436,145	258,513
Total expenses	11,150,536	9,053,078	23,161,293	22,046,005	34,311,829	31,099,083
Transfers in (out)	1,204,275	1,105,000	(1,204,275)	(1,105,000)	-	-
Change in Net Position	1,267,288	893,179	(2,914,280)	1,142,726	(1,646,992)	2,035,905
Net position - Beginning	28,374,610	27,481,431	40,631,624	39,488,898	69,006,234	66,970,329
Restatement	(460,813)	-	(272,783)	-	(733,596)	-
Net position - Ending	$ 29,181,085	$ 28,374,610	$ 37,444,561	$ 40,631,624	$ 66,625,646	$ 69,006,234

Governmental activities

On the Statement of Activities as referred to in the table of contents of this report, general revenues including transfers are reported separately after the total net expenses of the City's functions, ultimately arriving at the change in net position for the year. The City has in place fees and charges that are designed to recover in part or in whole the cost of providing services.

During 2023, governmental activities net position increased by $1,267,288 compared to an increase in 2022 of $893,179, which was a deterioration of $374,109 or 42%. However, this required transfers from business-type activities of $1,204,275 in 2023 and $1,105,000 in 2022 to achieve these results. Overall, total revenues-governmental activities were up $2,372,292 or 27% while total expenses were up $2,097,458 or 23%. Following are key changes in the statement of activities from 2022 to 2023:

- Capital grants and contributions increased from zero in 2022 to $1,831,788 in 2023, caused primarily by increased capital projects funded by grants which are reported as capital grants and contributions revenue. These grants include a Florida Department of Transportation grant ($1,525,730) and Federal Emergency Management Agency ($119,411).

- Property taxes are up $696,113 or 18% in 2023 compared to 2022. The City's millage rate increased from 3.80 in 2022 to 4.50 in 2023, an 18% increase in the millage rate.

- Sales tax revenue increased $399,279 or 16% due to increased economic activity within the City and the State of Florida.

- Other intergovernmental revenue decreased by $496,555 or 24% due mainly to decreased uses of the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery funds in 2023 compared to the amount used in 2022.

- Remaining general and program revenues decreased by $58,333 or 2% for various reasons.

On the expense side, significant changes were as follows:

- General government expenses increased by $816,098 or 36% in 2023 compared to 2022 mainly due to the following:

    - Payroll and payroll related expenses (taxes, health insurance, retirement) increased approximately $400,000 or 28%. Health insurance expenses contributed approximately $111,000 to the year-over-year increase in payroll related expenses.

    - Legal expense increased approximately $123,000 or 118% due to increased issues requiring legal attention.

    - The remainder of the increase was caused by a myriad of changes across a diverse range of expense categories.

- Public safety expenses increased by approximately $840,000 or 23% in 2023 compared to 2022. The main cause of this increase is due to payroll and payroll related expenses (taxes, health insurance, retirement) which increased approximately $730,450 or 27%. Health insurance expenses contributed approximately $254,160 to the year over year increase in payroll related expenses.

- Culture and recreation expenses increased by approximately $200,000 or 18% in 2023 compared to 2022 mainly due to increased depreciation expense of approximately $186,000 and payroll and payroll related expenses (taxes, health insurance, retirement) that increased approximately $41,000 or 15%. Health insurance expenses contributed approximately $10,000 to the year-over-year increase in payroll related expenses.
- Remaining functional expenses increased by $240,275 or 12% in 2023 compared to 2022.

Business-type activities

Business-type activities experienced a decrease in net position of $2,914,280 compared to an increase of $1,142,726 in the prior year, a deterioration of $4,057,006 or 355%. This is after the transfer supporting governmental activities discussed above.

- Revenues decreased $2,842,443 or 12% from 2022 to 2023, and expenses increased by $1,115,288 or 5%. Power costs in the City's Electric Fund were down approximately $1,317,000 or 11%. The City purchased more kilowatt hours but fuel prices were down in 2023. Because the City uses a power cost adjustment in its retail electric rates, those fuel cost decreases were passed on to the City's customers, causing revenues to decrease by a similar amount (approximately $1,600,000 or 10%).
- Charges for services revenue decreased by $1,777,777 or 8% mainly due to decreased electric fund revenue as discussed above.
- Capital grants and contributions decreased by $1,240,231 or 73% mainly due to decreased grants and capital contributions in the sewer function which declined by $1,282,897 as the sewer function received grants and contributions towards capital projects in 2022 that were nonrecurring in 2023.
- Total expenses increased by $1,115,288 or 5%, due to a myriad of reasons but mainly because of decreased power costs as discussed above that was more than offset by increased payroll and payroll related expenses (taxes, health insurance, retirement) which increased approximately $2,134,600 or 57%. Health insurance expenses contributed approximately $348,868 to the year-over-year increase in payroll related expenses and pension expense contributed $910,700 towards the increase.
- Operating income for all business-type activities for 2023 was a negative $2,243,526 or -11% of operating revenue compared to 2022 operating income of $652,511 which represented 3% of operating revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the General Fund as the only major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of $2,153,623. Of this amount, $265,791 is non-spendable, $3,462,671 is legally restricted for specific purposes, and an unassigned fund balance deficit of $1,574,839. Following is a discussion of individual major governmental fund.

General Fund. The General Fund is the chief operating fund of the City. At year end, unassigned and assigned fund balance of the General Fund was a negative $1,574,839, and total fund balance was $1,983,806.

In the General Fund, the change in fund balance for the year went from an increase of $1,135,061 in 2022 to a decrease of $324,313 in 2023 for a deterioration of $1,459,374. Following is a summary of the notable changes from 2022 to 2023:

- Revenues are up $948,109 or 10%. The revenue category that was up the most was intergovernmental revenue, which increased $2,183,059 or 78% due to increased grant revenue. The revenue category that declined the most was charges for services, which declined approximately $826,000.
    - The decrease in the charges for services revenue is due to how cost allocations are recorded. In 2022, costs allocated to the City enterprise funds were reported as charges for services revenue of $651,000 the recording of which changed from a revenue to a contra expenditure in 2023. This change was made because the enterprise funds report these allocations as expenses so these should reflect the reduced expenditures of the general fund.
- Expenditures increased $3,033,184 or 34%. The expenditure category that changed the most was capital outlay which increased $2,097,693 or 149% due to increased capital projects and expenditures. The main project in 2023 was Palmetto Trail improvements for $1,452,077. Additionally, public safety expenditures increased by $803,859 or 23% due to a wide variety of changes across a myriad of expenditure accounts and includes an approximate increase in payroll and payroll related expenses of $762,000 or 28%.

Proprietary Funds. The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and is in more detail. The City's proprietary funds consist of five enterprise funds, three of which are reported as major funds. An overall picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2022 to 2023, by major fund:

- In the Electric Fund, the change in net position deteriorated from a decrease of $750,981 in 2022 to a decrease of $2,001,439 in 2023, a decline of $1,250,458 or 167%. The decline was due to the decrease in operating revenue (approximately $1,250,000) that was more than the decrease in operating expenses (approximately $576,000).
- In the Water Fund, the change in net position deteriorated from a decrease of $261,815 in 2022 to a decrease of $814,523 in 2023, a decline of $552,708 or 211%. Operating revenue increased by $82,032 or 4% and operating expenses increased by $684,345 or 32%.
- In the Sewer Fund, the change in net position deteriorated from an increase of $1,648,215 in 2022 to a decrease of $17,102 in 2023, a decline of $1,665,317 or 101%. Operating revenue increased by $83,224 or 3% and operating expenses increased by $568,498 or 21%. Capital grants and contributions decreased by $1,210,897 or 94% due to decreased grant revenue.

Fiduciary Funds. The City uses Fiduciary Funds to report assets held in a trustee or agency capacity that are, therefore, not available to support City programs. The City utilizes one type of fiduciary fund to report the activity of the police officers' pension plan, an employer defined benefit pension plans trust funds for its employees.

This pension plan reported $8,500,928 of net position restricted for pension benefits on September 30, 2023. This is an increase of $1,058,156 or 14% for the year. The pension plan reported a net investment loss of -$1,121,289 for 2022 compared to a net investment income of $622,570 in 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budgetary comparison schedule can be found in the "Required Supplementary Information" section of the financial statements. As shown on that schedule, the original 2023 General Fund budget anticipated using $729,137 of beginning fund balance during 2023. The original budget was not amended.

Actual results for 2023 decreased beginning fund balance by $324,313 which is $404,824 better than the budget forecasted. Actual revenues came in $1,204,174 or 11% less than the final amended budget. Expenditures came in $2,654,837 or 18% less than the final amended budget, spread across all departments. Actual other financing sources, net were $1,045,839 less than the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, totals $82,252,477 (net of accumulated depreciation), an increase of $4,341,974 for the current year. Governmental activities' net additions were $3,535,593 and depreciation expense was $1,705,773 for a net increase of $1,765,896. Business-type net additions were $5,879,901, depreciation expense was $3,303,823 for a net increase of $2,576,078. Following is a schedule of capital assets at the end of the current and prior year:

Capital Assets Activity
(net of accumulated depreciation)
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	$ 8,015,952	$ 8,062,781	$ 227,136	$ 227,136	$ 8,243,088	$ 8,289,917
Buildings and improvements	24,169,054	23,226,672	69,357,807	68,866,430	93,526,861	92,093,102
Equipment	4,674,878	4,069,079	13,813,230	12,227,087	18,488,108	16,296,166
Infrastructure	11,829,555	9,857,937	-	-	11,829,555	9,857,937
Construction in progress	60,123	-	14,382,148	10,579,767	14,442,271	10,579,767
Accumulated Depreciation	(19,045,938)	(17,278,741)	(45,231,468)	(41,927,645)	(64,277,406)	(59,206,386)
Total	$ 29,703,624	$ 27,937,728	$ 52,548,853	$ 49,972,775	$ 82,252,477	$ 77,910,503

Infrastructure assets. The City has elected to record and depreciate its infrastructure, rather than use the optional "modified approach". The City's roads, sidewalks and drainage networks were determined to be significant enough to record.

Long-term obligations. At the end of the current fiscal year, the City's long-term obligations totaled $32,271,602 compared to $30,070,987 at the end of 2022. Long-term obligations include long-term debt, other post-employment benefit liability, net pension liabilities and accumulated compensated absences. Long-term debt consists of bonds and notes.

Long-Term Obligations
as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Bonds and notes payable	$ 1,058,000	$ 1,276,000	$ 23,206,105	$ 22,542,544	$ 24,264,105	$ 23,818,544
Other post employment benefits	237,189	242,606	199,260	167,874	436,449	410,480
Net pension liability	3,129,171	2,970,995	3,178,053	1,917,298	6,307,224	4,888,293
Compensated absences	714,949	572,570	548,875	381,100	1,263,824	953,670
Total	$ 5,139,309	$ 5,062,171	$ 27,132,293	$ 25,008,816	$ 32,271,602	$ 30,070,987

At the end of the current fiscal year, the City's *long-term debt* totaled $24,264,105, compared to the balance of $23,818,544 at the end of 2022, an increase of $445,561 or 2%. Of the year-end balance, $1,058,000 was in governmental activities and $23,206,105 was in business-type activities. The net increase in long-term debt for 2023 was attributable to increased borrowing for sewer system improvements partially offset by scheduled principal payments and amortization of bond discounts and deferred refunding losses.

Long-term obligations other than long-term debt consist of obligations related to the total OPEB liability, accrued compensated absences and net pension liabilities. At the end of the current fiscal year, the City's long-term obligations other than long-term debt totaled $8,007,497 compared to $6,252,443 at the end of 2022. Of the year-end balance, $4,081,309 was in governmental activities and $3,926,188 was in business-type activities. The total OPEB liability increased by $25,969 during 2023 and the net pension liabilities increased by $1,418,931 (excluding the decrease in the net pension asset of $127,127 during 2023).

REQUEST FOR INFORMATION

This financial report is designed to provide users with a general overview of the City of Green Cove Spring's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Director, at 321 Walnut Street, Green Cove Springs, Florida 32043, telephone (904) 297-7500.

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	$ 5,190,976	$ 8,924,776	$ 14,115,752
Receivables, current:			
Customer accounts, net	46,244	2,126,972	2,173,216
Intergovernmental and other	1,471,767	134,523	1,606,290
Lease receivable	289,372	-	289,372
Accrued income	478	-	478
Inventory and prepaids	265,791	1,919,750	2,185,541
Net pension asset	702,916	-	702,916
Internal balances	(1,245,000)	1,245,000	-
Restricted assets:			
Equity in pooled cash and cash equivalents	344,663	341,029	685,692
Capital assets:			
Non-depreciable	8,076,075	14,609,284	22,685,359
Depreciable, net	21,627,549	37,939,569	59,567,118
TOTAL ASSETS	36,770,831	67,240,903	104,011,734
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,267,389	1,033,524	3,300,913
LIABILITIES			
Accounts payable and accrued expenses	520,706	1,227,706	1,748,412
Construction costs payable	-	685,898	685,898
Accrued wages	313,833	89,613	403,446
Due to other governments	19,676	50,625	70,301
Unearned revenue	2,255,837	572,860	2,828,697
Accrued interest payable	5,286	50,810	56,096
Customer deposits	-	837,438	837,438
Long-term obligations:			
Due within one year	435,485	1,588,213	2,023,698
Due in more than one year	4,703,824	25,544,080	30,247,904
TOTAL LIABILITIES	8,254,647	30,647,243	38,901,890
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,227,080	107,237	1,334,317
Deferred inflows related to OPEB	89,735	75,386	165,121
Deferred inflows related to leases	285,673	-	285,673
Total deferred inflows of resources	1,602,488	182,623	1,785,111
NET POSITION			
Net investment in capital assets	28,645,624	28,656,850	57,302,474
Restricted for:			
Building code enforcement	165,724	-	165,724
Debt service	55,442	290,219	345,661
Capital projects - transportation	572,694	-	572,694
Capital projects - infrastructure surtax	2,371,594	-	2,371,594
Transportation - operations and capital	184,465	-	184,465
Law enforcement expenditures	107,466	-	107,466
Pension benefits	702,916	-	702,916
System improvements	-	2,088,270	2,088,270
Unrestricted	(3,624,840)	6,409,222	2,784,382
TOTAL NET POSITION	$ 29,181,085	$ 37,444,561	$ 66,625,646

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Activities

For the year ended September 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grant and Contributions	Program Revenues: Capital Grant and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	$ 3,073,080	$ 85,842	$ -	$ 119,411	$ (2,867,827)	$ -	$ (2,867,827)
Public safety	4,521,018	1,021,169	22,213	186,645	(3,290,991)	-	(3,290,991)
Physical environment	420,046	-	-	-	(420,046)	-	(420,046)
Transportation	1,818,156	-	494,647	496,010	(827,499)	-	(827,499)
Culture and recreation	1,295,289	155,883	-	1,029,722	(109,684)	-	(109,684)
Interest on long-term debt	22,947	-	-	-	(22,947)	-	(22,947)
Total governmental activities	11,150,536	1,262,894	516,860	1,831,788	(7,538,994)	-	(7,538,994)
Business-type activities							
Electric	15,361,278	13,734,605	-	275,140	-	(1,351,533)	(1,351,533)
Water	2,894,941	2,076,247	-	40,720	-	(777,974)	(777,974)
Wastewater	3,322,756	3,325,164	-	72,000	-	74,408	74,408
Sanitation	1,146,173	877,653	-	-	-	(268,520)	(268,520)
Stormwater	436,145	696,494	-	74,238	-	334,587	334,587
Total business-type activities	23,161,293	20,710,163	-	462,098	-	(1,989,032)	(1,989,032)
TOTAL PRIMARY GOVERNMENT	$ 34,311,829	$ 21,973,057	$ 516,860	$ 2,293,886	$ (7,538,994)	$ (1,989,032)	$ (9,528,026)
GENERAL REVENUES							
Taxes:							
Property taxes					2,738,310	-	2,738,310
Sales taxes					2,207,183	-	2,207,183
Public service taxes					534,220	-	534,220
Franchise and utility taxes					218,669	-	218,669
Other taxes					35,060	-	35,060
State shared revenue					460,735	-	460,735
Other intergovernmental revenues					1,233,530	-	1,233,530
Investment earnings (loss)					151,258	252,686	403,944
Miscellaneous					14,849	18,299	33,148
Gain (loss) on disposal of capital assets					8,193	8,042	16,235
TRANSFERS					1,204,275	(1,204,275)	-
Total general revenues and transfers					8,806,282	(925,248)	7,881,034
CHANGE IN NET POSITION					1,267,288	(2,914,280)	(1,646,992)
NET POSITION, beginning of year					28,374,610	40,631,624	69,006,234
Restatement (Note 16)					(460,813)	(272,783)	(733,596)
NET POSITION, beginning of year, as restated					27,913,797	40,358,841	68,272,638
NET POSITION, end of year					$ 29,181,085	$ 37,444,561	$ 66,625,646

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Balance Sheet – Governmental Funds
September 30, 2023

	General Fund	Non-major Governmental Funds	Total
ASSETS			
Equity in pooled cash and investments	$ 5,190,976	$ 180,562	$ 5,371,538
Receivables, net			
Customer accounts, net	46,244	-	46,244
Intergovernmental and other	1,471,767	-	1,471,767
Leases	289,372	-	289,372
Accrued income	478	-	478
Inventory	88,431	-	88,431
Prepaid expenditures	177,360	-	177,360
Restricted assets:			
Cash and cash equivalents	164,101	-	164,101
TOTAL ASSETS	$ 7,428,729	$ 180,562	$ 7,609,291
LIABILITIES			
Accounts payable	519,188	1,518	520,706
Accrued personnel liabilities	307,984	5,849	313,833
Due to other governments	16,298	3,378	19,676
Due to other funds	1,245,000	-	1,245,000
Unearned revenue	2,255,837	-	2,255,837
TOTAL LIABILITIES	4,344,307	10,745	4,355,052
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	814,943	-	814,943
Leases	285,673	-	285,673
TOTAL DEFERRED INFLOWS OF RESOURCES	1,100,616	-	1,100,616
FUND BALANCE			
Nonspendable:			
Inventory	88,431	-	88,431
Prepaids	177,360	-	177,360
Restricted for:			
Building code enforcement	-	165,724	165,724
Debt service	60,728	-	60,728
Capital projects - transportation	572,694	-	572,694
Capital projects - infrastructure surtax	2,371,594	-	2,371,594
Transportation - operations and capital	184,465	-	184,465
Law enforcement expenditures	103,373	4,093	107,466
Unassigned	(1,574,839)	-	(1,574,839)
TOTAL FUND BALANCES	1,983,806	169,817	2,153,623
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 7,428,729	$ 180,562	$ 7,609,291

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2023

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	2,153,623
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		29,703,624
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities		814,943
The net pension assets are not current financial resources and therefore are not reported in the governmental funds.		702,916
Deferred outflows of resources represent an consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.		2,267,389
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.		(1,316,815)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.		(5,286)
Long-term liabilities (including bonds and notes payable, compensated absences liability, estimated workers' compensation claims, OPEB obligation, and net pension liabilities) are not due and payable in the current period and, therefore, are not reported in the governmental funds. This is the amount of the long-term obligations		(5,139,309)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	29,181,085

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the year ended September 30, 2023

	General Fund	Non-major Governmental Funds	Total
REVENUES:			
Taxes	$ 4,023,640	$ -	$ 4,023,640
Licenses and permits	76,744	166,850	243,594
Intergovernmental revenue	4,983,016	-	4,983,016
Charges for services	104,561	-	104,561
Fines and forfeitures	816,018	-	816,018
Investment loss, net	157,437	-	157,437
Other	75,633	-	75,633
Total revenues	10,237,049	166,850	10,403,899
EXPENDITURES:			
General government	2,121,901	-	2,121,901
Public safety	4,249,009	399,113	4,648,122
Physical environment	244,460	-	244,460
Transportation	1,232,501	-	1,232,501
Culture/recreation	669,767	-	669,767
Capital outlay	3,533,628	1,963	3,535,591
Debt service	-	241,883	241,883
Total expenditures	12,051,266	642,959	12,694,225
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,814,217)	(476,109)	(2,290,326)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,754,828	364,199	2,119,027
Transfers (out)	(264,924)	(649,828)	(914,752)
TOTAL OTHER FINANCING SOURCES (USES)	1,489,904	(285,629)	1,204,275
NET CHANGE IN FUND BALANCE	(324,313)	(761,738)	(1,086,051)
FUND BALANCE, previously reported	2,707,657	992,830	3,700,487
RESTATEMENT (Note 16)	(399,538)	(61,275)	(460,813)
FUND BALANCE, beginning of year as restated	2,308,119	931,555	3,239,674
FUND BALANCE, end of year	$ 1,983,806	$ 169,817	$ 2,153,623

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the year ended September 30, 2023

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	(1,086,051)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.		3,535,593
This is the amount of depreciation recorded in the current period.		(1,769,697)
Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.		
This represents the change caused by the "availability" criterion		814,943
Long-term obligations including bonds and notes payable, compensated absences and other post-employment benefit obligations are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:		
This is the repayment of bond principal reported as expenditures in governmental funds.		218,000
This is the change in accrued interest payable on long-term obligations.		936
This is the change in accrued compensated absences during the year.		(142,379)
Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:		
This amount represents the change in deferred inflows related to OPEB.		17,014
This amount represents the change in the total OPEB liability.		5,417
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental finds:		
This amount represents the change in deferred inflows related to pensions.		219,364
This amount represents the change in deferred outflows related to pensions.		(260,549)
This amount represents the change in the net pension liability (asset).		(285,303)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,267,288

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Net Position – Proprietary Funds
September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	Total	Business-type Activities - Internal Service Funds
ASSETS						
Current assets:						
Equity in pooled cash and investments	$ 2,082,951	$ 1,895,018	$ 3,443,755	$ 1,336,598	$ 8,758,322	$ 166,454
Receivables:						
Customers, net	1,475,254	174,369	314,616	162,733	2,126,972	-
Intergovernmental and other	42,277	-	92,246	-	134,523	-
Inventory and prepaids	1,679,139	229,726	10,885	-	1,919,750	-
Due from other funds	1,245,000	-	-	-	1,245,000	-
Total current assets	6,524,621	2,299,113	3,861,502	1,499,331	14,184,567	166,454
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and investments	213,320	89,266	38,443	-	341,029	-
Capital assets:						
Non-depreciable	-	188,670	14,357,724	62,890	14,609,284	-
Depreciable, net	17,852,925	6,210,776	12,899,262	923,966	37,886,929	52,640
Total noncurrent assets	18,066,245	6,488,712	27,295,429	986,856	52,837,242	52,640
Total assets	24,590,866	8,787,825	31,156,931	2,486,187	67,021,809	219,094
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	411,030	183,913	175,568	147,080	917,591	115,933
Total deferred outflows of resources	411,030	183,913	175,568	147,080	917,591	115,933

Continued…

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Net Position – Proprietary Funds (concluded)
September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	Total	Business-type Activities - Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	1,079,211	68,842	50,385	28,401	1,226,839	867
Construction costs payable	-	-	685,898	-	685,898	-
Due to other governments	-	-	-	50,625	50,625	-
Accrued personnel liabilities	28,710	20,391	17,188	13,318	79,607	10,006
Unearned revenue	572,860	-	-	-	572,860	-
Compensated absences	30,745	40,859	40,711	35,492	147,807	16,857
Bonds and notes payable, current	720,000	172,075	478,288	53,186	1,423,549	-
Total current liabilities	2,431,526	302,167	1,272,470	181,022	4,187,185	27,730
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Interest payable	33,686	12,991	4,133	-	50,810	-
Customer deposits	643,158	84,117	63,732	46,431	837,438	-
Compensated absences	71,735	95,339	94,992	82,813	344,879	39,332
Post employment obligation payable	49,814	45,445	40,259	38,735	174,253	25,007
Net pension liability	1,263,903	565,526	539,866	452,268	2,821,563	356,490
Bonds and notes payable, noncurrent portion	7,065,000	980,012	13,682,101	55,443	21,782,556	-
Total noncurrent liabilities	9,127,296	1,783,430	14,425,083	675,690	26,011,499	420,829
Total liabilities	11,558,822	2,085,597	15,697,553	856,712	30,198,684	448,559
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	42,648	19,082	18,217	15,261	95,208	12,029
Deferred inflows related to OPEB	18,846	17,193	15,231	14,655	65,925	9,461
Total deferred inflows of resources	61,494	36,275	33,448	29,916	161,133	21,490
NET POSITION						
Net investment in capital assets	10,067,925	5,247,359	12,410,699	878,227	28,604,210	52,640
Restricted for:						
Debt retirement	179,634	76,275	34,310	-	290,219	-
Utility system improvements (expendable)	134,347	674,557	1,279,366	-	2,088,270	-
Unrestricted	2,999,674	851,675	1,877,123	868,412	6,596,884	(187,662)
Total net position	$ 13,381,580	$ 6,849,866	$ 15,601,498	$ 1,746,639	37,579,583	$ (135,022)
Cumulative adjustment to reflect consolidation of internal service fund activities					(135,022)	
Net position, business-type activities					$ 37,444,561	

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

For the year ended September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	Total	Business-type Activities - Internal Service Funds
OPERATING REVENUES:						
Charges for services	$ 13,734,605	$ 2,076,247	$ 3,325,164	$ 1,574,147	$ 20,710,163	$ 612,894
Total operating income	13,734,605	2,076,247	3,325,164	1,574,147	20,710,163	612,894
OPERATING EXPENSES:						
Personnel services	1,995,164	1,185,360	1,092,465	918,118	5,191,107	685,488
Purchased power	10,318,766	-	-	-	10,318,766	-
Operating expenses	1,631,652	969,295	1,075,525	472,972	4,149,444	65,320
Depreciation	1,273,259	697,059	1,138,978	185,076	3,294,372	9,451
Total operating expenses	15,218,841	2,851,714	3,306,968	1,576,166	22,953,689	760,259
OPERATING INCOME (LOSS)	(1,484,236)	(775,467)	18,196	(2,019)	(2,243,526)	(147,365)
NONOPERATING REVENUE (EXPENSE)						
Investment income (loss)	181,946	33,544	21,880	15,316	252,686	-
Interest expense	(142,437)	(43,227)	(15,788)	(6,152)	(207,604)	-
Gain (loss) on disposal of property	6,347	-	1,695	-	8,042	-
Other, net	111,076	29,907	19,915	4,766	165,664	-
Total nonoperating revenues (expense)	156,932	20,224	27,702	13,930	218,788	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,327,304)	(755,243)	45,898	11,911	(2,024,738)	(147,365)
CAPITAL CONTRIBUTIONS						
Capital grants and contributions	275,140	-	-	74,238	349,378	-
Impact fees	-	40,720	72,000	-	112,720	-
Total capital contributions	275,140	40,720	72,000	74,238	462,098	-
TRANSFERS IN (OUT)	(949,275)	(100,000)	(135,000)	(20,000)	(1,204,275)	-
CHANGE IN NET POSITION	(2,001,439)	(814,523)	(17,102)	66,149	(2,766,915)	(147,365)
NET POSITION, beginning of year	15,419,779	7,697,921	15,648,307	1,834,821	40,600,828	30,796
Restatement (Note 16)	(36,760)	(33,532)	(29,707)	(154,331)	(254,330)	(18,453)
NET POSITION, beginning of year, as restated	15,383,019	7,664,389	15,618,600	1,680,490	40,346,498	12,343
NET POSITION, end of year	$ 13,381,580	$ 6,849,866	$ 15,601,498	$ 1,746,639	$ 37,579,583	$ (135,022)

Change in enterprise funds' net position	$ (2,766,915)
Adjustment to reflect consolidation of internal service fund activities	(147,365)
Change in net position of business-type activities	$ (2,914,280)

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Cash Flows – Proprietary Funds
For the year ended September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Non-major Funds	Total	Business-type Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	$ 14,813,490	$ 2,089,593	$ 4,103,372	$ 1,509,967	$ 22,516,422	$ 612,894
Payments to suppliers	(12,632,538)	(906,857)	(1,227,374)	(474,527)	(15,241,296)	(73,633)
Payments for salaries and benefits	(1,592,682)	(953,377)	(883,637)	(734,867)	(4,164,563)	(533,336)
Net cash flows from operating activities	588,270	229,359	1,992,361	300,573	3,110,563	5,925
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers to other funds, net of interfund borrowing activity	(2,095,000)	(100,000)	(135,000)	(20,000)	(2,350,000)	-
Increase (decrease) in deposits	(45,466)	(1,900)	(2,200)	(1,364)	(50,930)	-
Net cash flows from noncapital financing activities	(2,140,466)	(101,900)	(137,200)	(21,364)	(2,400,930)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets, net of related payables	(3,018,012)	(215,968)	(2,303,142)	(245,425)	(5,782,547)	(3,584)
Loan proceeds	-	-	1,718,998	-	1,718,998	-
Principal paid on notes, bonds and lease obligations	(708,000)	(168,686)	(14,719)	(51,024)	(942,429)	-
Interest paid on borrowings and other debt costs	(145,400)	(45,187)	(127,727)	(6,152)	(324,466)	-
Proceeds from the sale of assets	6,347	-	1,695	-	8,042	-
Capital contributions and impact fees received, net of change in related receivables	275,140	40,720	72,000	74,238	462,098	-
Net cash flows from capital and related financing activities	(3,589,925)	(389,121)	(652,895)	(228,363)	(4,860,304)	(3,584)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on invested funds	139,669	33,544	21,880	15,316	210,409	-
Other income	111,076	29,907	19,915	4,766	165,664	-
Net cash flows from investing activities	250,745	63,451	41,795	20,082	376,073	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,891,376)	(198,211)	1,244,061	70,928	(3,774,598)	2,341
CASH AND CASH EQUIVALENTS, beginning of year	7,187,647	2,182,495	2,238,137	1,265,670	12,873,949	164,113
CASH AND CASH EQUIVALENTS, end of year	$ 2,296,271	$ 1,984,284	$ 3,482,198	$ 1,336,598	$ 9,099,351	$ 166,454
As shown in the Accompanying Financial Statements						
Equity in cash and investments	$ 2,082,951	$ 1,895,018	$ 3,443,755	$ 1,336,598	$ 8,758,322	$ 166,454
Restricted equity in cash and investments	213,320	89,266	38,443	-	341,029	-
Total cash and cash equivalents	$ 2,296,271	$ 1,984,284	$ 3,482,198	$ 1,336,598	$ 9,099,351	$ 166,454

Continued…

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Cash Flows – Proprietary Funds (concluded)
For the year ended September 30, 2023

	Business Type Activities - Enterprise Funds					
	Electric Fund	Water Fund	Wastewater Fund	Non-major Funds	Total	Business-type Activities - Internal Service Funds
Noncash financing and investing activities:						
None	$ -	$ -	$ -	$ -	$ -	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ (1,484,236)	$ (775,467)	$ 18,196	$ (2,019)	$ (2,243,526)	$ (147,365)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,273,259	697,059	1,138,978	185,076	3,294,372	9,451
(Increase) decrease in inventory and prepaids	(251,166)	19,584	3,121	14	(228,447)	-
(Increase) decrease in accounts receivable	744,801	13,346	22,315	(64,180)	716,282	-
(Increase) decrease in amounts due from other governments	-	-	-	-	-	-
(Increase) decrease in leases receivables	-	-	-	-	-	-
Increase (decrease) in lease related deferred inflows	-	-	-	-	-	-
Increase (decrease) in accounts payable	(430,954)	42,854	(154,970)	(1,569)	(544,639)	(8,313)
Increase (decrease) in accrued wages and compensated absences	29,818	31,324	29,803	36,081	127,026	32,875
(Increase) decrease in OPEB related deferred outflows	-	-	-	-	-	-
Increase (decrease) in the total OPEB liability	(8,824)	14,162	10,902	10,518	26,758	4,628
Increase (decrease) in OPEB related deferred inflows	(6,955)	3,429	2,314	2,240	1,028	494
(Increase) decrease in pension related deferred outflows	(106,991)	(53,426)	(45,633)	(35,534)	(241,584)	(32,929)
Increase (decrease) in the net pension liability	495,884	235,909	211,646	170,496	1,113,935	146,820
Increase (decrease) in pension related deferred inflows	(450)	585	(204)	(550)	(619)	264
Increase (decrease) in unearned revenue and other	334,084	-	755,893	-	1,089,977	-
Net cash flows from operating activities	$ 588,270	$ 229,359	$ 1,992,361	$ 300,573	$ 3,110,563	$ 5,925

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Fiduciary Net Position – Fiduciary Funds
September 30, 2023

	Police Pension Trust Fund
ASSETS	
Receivables:	
City and plan members	12,436
Total receivables	12,436
Investments, at fair value:	
Cash and short-term money market funds	118,839
Fixed income external investment pools	2,393,755
Equity securities external investment pools	4,889,371
Real estate investment pool	1,086,527
Total investments	8,488,492
Total assets	8,500,928
NET POSITION	
Restricted for pension benefits	$ 8,500,928

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the year ended September 30, 2023

	Police Pension Trust Fund
ADDITIONS	
Contributions:	
City	$ 352,955
Plan members	15,574
State of Florida	156,185
Total contributions	524,714
Investment income	637,632
Less investment management fee	(15,062)
Net investment income	622,570
Total additions	1,147,284
DEDUCTIONS	
Administrative expenses:	18,569
Payments to retirees and participants	70,559
Total deductions	89,128
CHANGE IN NET POSITION	1,058,156
NET POSITION, beginning of year, previously stated	7,383,547
Restatement (Note 16)	59,225
NET POSITION, beginning of year, as restated	7,442,772
NET POSITION, end of year	$ 8,500,928

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the City are discussed below.

A. REPORTING ENTITY

The City of Green Cove Springs, Florida (the "City") is a municipal corporation governed by a board of five (5) elected councilors and was established in 1911 by Chapter 6350, Laws of Florida.

As required by GAAP, the financial statements of the reporting entity include those of the City (the primary government) and its component units. Component units are entities for which a primary government is considered to be financially accountable. The City has no component units.

B. BASIS OF PRESENTATION

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The 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, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. The City's fiduciary funds are presented in the fund financial statements by type but as noted above are not included in the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Funds are classified into three categories: governmental, proprietary and fiduciary. The funds used by the City are as follows:

Governmental Funds:

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

Reported as Major Funds:

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

Reported as Non-Major Governmental Funds:

- **Special Revenue Funds** are to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for a specified purpose.
- **Capital Project Funds** are to account for the costs of constructing public buildings and renovations.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City.

Reported as Major Enterprise Funds:

- **Electric Fund** is used to account for operations associated with providing electric service to its customers inside and outside the City. The Electric Fund is a distribution utility, with no significant power generation assets.
- **Water Fund** is used to account for the operations associated with potable water supply, treatment, transmission and distribution services to area residents.
- **Sewer Fund** is used to account for the operations associated with sewer collection, treatment and disposal services to area residents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Reported as Non-Major Enterprise Funds:

- **Solid Waste Fund** is used to account for the operations associated with solid waste collection and disposal services for the residents of the City.
- **Stormwater Fund** is used to account for the operations associated with the collection and distribution of stormwater.
- **Internal Service Fund** is used to account for customer services provided to the proprietary funds.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City reports the following fiduciary fund:

- **Police Officers' Pension Trust Fund** is used to account for the activities of the City's police officers' pension plan.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

Proprietary fund operating revenues generally result from providing electricity, providing potable water and wastewater collection, treatment and disposal services and stormwater management to area residents. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

CASH AND CASH EQUIVALENTS - The City maintains a central pooled cash account that is used by all operating funds of the City. In addition, deposits and investments are separately held by certain enterprise funds and the pension trust fund. Interest income earned in the pooled cash and investments account is allocated to the individual funds based on their respective monthly balances. Each fund's equity in pooled cash is recorded on its respective balance sheet in the caption "equity in pooled cash and investments." Amounts, if any, reported as deficits in pooled cash do not represent actual overdrawn balances in any bank account, but merely report a negative cash balance in the particular fund. The financial statement caption "equity in pooled cash and investments" includes all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less), including repurchase agreements, short-term commercial paper and investments in state pools. Amounts reported as restricted "equity in pooled cash and investments" are restricted for future debt service payments in accordance with the City's loan agreements.

INVESTMENTS – Investments are reported at fair value or amortized cost, which approximates fair value. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues unbilled service of its enterprise funds representing the estimated value of service from the last billing date to year-end, which totaled $615,140 on September 30, 2023. A reserve for doubtful accounts is maintained in each fund equal to the value of the customer receivables that are not expected to be collected. As of September 30, 2023, reserves for doubtful accounts totaled $32,350. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

INTERFUND RECEIVABLES AND PAYABLES - To the extent any interfund balances exist, management anticipates they will be settled in cash as opposed to a permanent transfer.

INVENTORIES - Inventories in governmental and enterprise funds consist of expendable supplies held for consumption and are recorded at the lower of cost or market computed on an average cost basis.

PREPAID ITEMS – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CAPITAL ASSETS - In the government-wide financial statements, capital assets include land, buildings, improvements, utility plant, furniture, equipment, and infrastructure assets (e.g., roads, sidewalks, streets, and drainage systems) with an individual cost of $1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

Asset Type	Years
Electric Transmission and Distribution Plant	20-30
Water and Wastewater Treatment Plant	20-30
Water and Wastewater Pumping and Collecting Plant	20-30
General Plant and Equipment	10-20
Buildings	10-30
Improvements Other than Buildings	10-30
Machinery and equipment	5-35
Infrastructure	20-50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

INTEREST COSTS - Interest costs incurred before the end of a construction period are financing activities separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

RESTRICTED ASSETS - Assets are reported as restricted when constraints are placed on their use. The constraints are either: (1) imposed by law or through constitutional provisions or enabling legislation; or (2) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments including specific provisions of debt resolutions and agreements. Restricted assets include cash and investments as well as other assets such as the customer restricted receivables reported in the water fund and wastewater fund that represent unpaid impact fees due to the City. The City generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

The City has two items that qualify for reporting as deferred outflows of resources. The first item is the deferred outflows related to pensions. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The second item is deferred outflows related to OPEB (other-post employment benefits). The deferred outflows related to OPEB are an aggregate of other-post employment benefit items as calculated in accordance with GASB Cod. Sec. P52 and will be recognized as either OPEB expense or as a reduction in the other-post employment benefits liability.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City has four items that qualify for reporting as deferred inflows of resources. The first item of deferred inflows of resources is reported in the governmental funds balance sheet and represents unavailable revenues that were not received within 60 days of year-end. This type of deferred inflows only arises under the modified accrual basis of accounting. The second item is deferred inflows related to pensions. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction to pension expense in future reporting years. The third item is deferred inflows related to OPEB (other-post employment benefits). The deferred inflows related to OPEB are an aggregate of other-post employment benefit items as calculated in accordance with GASB Cod. Sec. P52 and will be recognized as a reduction in OPEB expense in future reporting years. The final item is deferred inflows related to leases which is the total unrecognized revenue to be received by the City pursuant to various lease agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES – The City personnel policy provides for the payment of accrued vacation and sick pay upon separation of its employees. The liability for these compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured because of employee resignations, terminations or retirements.

INTERFUND TRANSFERS – Permanent reallocation of resources between the funds of the City is classified as interfund transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

CONNECTION FEES AND IMPACT FEES - Water and wastewater connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Impact fees receivable are reduced by an allowance for estimated uncollectible amounts when management believes collectability is doubtful.

ON-BEHALF PAYMENTS FOR FRINGE BENEFITS - The City receives on-behalf payments from the State of Florida to be used for police officers' pension plan contributions which totaled $156,185 for the fiscal year ended September 30, 2023. Such payments are recorded as tax revenue and public safety expenses/expenditures in the government-wide and general fund financial statements but are not budgeted and therefore are not included in the general fund budgetary basis financial statements.

PENSION COSTS - The actuarially determined provision for pension costs is recorded on an accrual basis in the period for which the costs pertain, and the City's policy is to fund pension costs as they accrue.

INDIRECT COST ALLOCATION - The City allocates charges for indirect services provided by General Fund departments based on a cost allocation plan. The costs are included in the program expense reported by functional activity in the Statement of Activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted net position* - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- *Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has inventories and prepaid items as being non-spendable as these items are not expected to be converted to cash.

- *Restricted* — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont…)

- *Committed* — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- *Assigned* — This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or by an individual or body to whom the City Council has delegated this authority. The City Council has not formally delegate this authority. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

- *Unassigned* — This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use, it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

USE OF ESTIMATES – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

LEASES -

Lessee: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is $5,000 or more. For the year ended September 30, 2023, the City reports no right-to-use lease assets or lease liabilities.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Lessor: The City is a lessor for two community center leases. The City recognizes a lease receivable and a deferred inflow of resources related to these leases in the governmental activities statement of net position.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset, receivable, liability and/or deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability.

FINANCIAL STATEMENT PRESENTATION CHANGES - In the prior year the City reported a statement of revenues, expenditures and changes in fund balance – budget and actual for the general fund as a part of the basic financial statements and in the current year the City has opted to report the budgetary comparison information as a budgetary comparison schedule in the required supplementary information section. Governments are encouraged to present the budgetary comparison information as required supplementary information which is why this change was made.

NOTE 2 - PROPERTY TAX CALENDAR

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. The tax levy of the City is established by the City Council prior to October 1 of each year and the Clay County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2023 was 4.50.

All taxes are due and payable on October 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

Annual budgets are adopted for all funds of the City except for the Pension Trust fund that are effectively controlled through governing agreement and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.

Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Council. The recommended budget includes proposed expenditures and the source of receipts to finance them. City Council holds a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.

The budget, as adopted, may only be amended through formal approval by City Council. The level at which expenditures may not legally exceed budget at the fund level. The City Manager may transfer budgeted amounts within and between departments of the City without formal approval by City Council.

All final budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- *Compliance with Finance Related Legal and Contractual Provisions* - the City had no material violations of finance related legal and contractual provisions with the exception of the following:
    - *The City's water fund was unable to meet the required debt service coverage ratio that requires water system net revenues to exceed debt service requires by a factor of 115%. The ratio for the year ended September 30, 2023 was 13%.*
    - *The City's electric fund was unable to meet the required debt service coverage ratio that requires electric system net revenues to exceed debt service requires by a factor of 120%. The ratio for the year ended September 30, 2023 was 42%.*
- *Deficit Fund Balance or Net Position of Individual Funds* - As of September 30, 2023, no individual fund had a deficit fund balance or net position deficit with the exception of the internal service fund which reports a $135,022 deficit total net position on September 30, 2023.
- *Excess of Expenditures Over Budget Appropriations in Individual Funds* - For the year ended September 30, 2023, no major governmental fund had an excess of expenditures over budgeted appropriations.

NOTE 5 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - Municipalities in Florida are required by State Statute Chapter 280 - "Security for Public Deposits Act", to deposit operating funds only with financial institutions who are members of the State of Florida collateral pool ("qualified public depositories"). The State of Florida collateral pool is a multiple financial institution collateral pool with the ability to make additional assessments to satisfy the claims of governmental entities if any member financial institution fails. This ability provides protection which is similar to depository insurance.

The captions on the government-wide statement of net position for "equity in pooled cash and cash equivalents" and "investments", both restricted and unrestricted, are comprised of the following:

Equity in pooled cash and cash equivalents:		
Cash on hand	$	800
Cash deposits in financial institutions:		
Insured or fully collateralized bank deposits		7,683,709
Investments:		
FL PRIME local government investment pool		7,116,935
Total equity in pooled cash and cash equivalents	$	14,801,444
Investments:		
None	$	-

The FL PRIME investment pool is similar to a money market investment in that it strives to maintain a net asset value of $1.00 per share and meets the criteria in GASB Cod. Sec. In5 to measure all of pooled investments at amortized cost. The pools are rated AAAm by Standard and Poor and the pools are not exposed to custodial credit risk because the investments are not evidenced by securities that exist in physical or book entry form.

INVESTMENTS - The general investments are governed by the City's Investment Policy and by Florida Statutes. The City's investment policy authorizes investments in the Florida Local Government Surplus Funds Trust Fund, U.S. government securities, U.S. government agencies, federal instrumentalities, interest-bearing time deposits, saving accounts, state/local government debt, money market mutual funds, and intergovernmental investment pools.

The City invests temporarily idle resources in Certificates of Deposit and the Local Government Investment Pool (State Pool). The State Pool is administered by the Florida Prime Investment Pool, who provides regulatory oversight. Florida Prime Investment Pool (Florida PRIME) is similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the criteria in GASB Cod. Sec. In5, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

The City is exposed to the following risks associated with its non-pension investment portfolio:

Credit risk—The risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment in state or local government debt must be rated at least AA by Moody's or Standard & Poor's.

Interest rate risk—The risk that changes in interest rates will adversely affect the fair value of an investment. The City limits its investments to maturities of less than five years.

The City's investment policy does not formally address the risks noted above. The City's investments consisted of the following on September 30, 2023:

Investment Type	S&P Rating	Fair Value / Amortized Cost	Average Maturity Years
Primary government			
Investments measured at amortized cost and reported as a cash and cash equivalent:			
FL PRIME local government investment pool	AAAm	7,116,935	0.21
		$ 7,116,935	

The City categorizes its fair value measurements within the fair value hierarchy established by GASB Cod. Sec. 3100. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments have the following carrying values as of September 30, 2023, based on measurement criteria as specified:

		Fair Value			Amortized
	Carrying Value	Level 1	Level 2	Level 3	Cost
FL PRIME local government investment pool	7,116,935	-	-	-	7,116,935
Total investments	$ 7,116,935	$ -	$ -	$ -	$ 7,116,935

Police Officers' Retirement Trust Fund:

The police officers' pension plan has adopted an investment policy which authorizes the pension manager to invest in equities, fixed income investments, money market funds, and pooled funds.

The police officers' pension plan is a participating member of the FMPTF. All assets with the FMPTF are invested through the Florida Municipal Investment Trust (FMIvT) for the benefit of the participating members. The FMIvT, administered by the Florida League of Cities, Inc., is an interlocal governmental entity created under the laws of the State of Florida as a local government investment pool and is considered an external investment pool for GASB purposes and; therefore, the City is not required to categorize the positions in the pool within the fair value hierarchy as established by U.S. GAAP.

NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)

The carrying amount of the police officers' pension plan investments with the FMIvT were as follows:

POLICE PENSION PLAN

Asset Class	2023
Cash and money market	$ 118,840
FMIvT Broad Market High Quality Bond	1,239,320
FMIvT Core Plus	1,154,435
FMIvT Large Cap Diversified Equity	2,071,192
FMIvT Diversified Small to Mid Cap Equity	1,179,900
FMIvT International Equity	1,638,278
FMIvT Core Real Estate Portfolio	1,086,527
Total	$ 8,488,492

Information related to the interest rate risk, credit risk, concentration of credit risk, custodial credit risk and foreign currency risk related to the police officers' pension plan *fixed income* investments are set forth below.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the police officers' pension plan require investment maturities to provide sufficient liquidity to pay obligations as they become due.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The police officers' pension plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The police officers' pension plan policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company. On September 30, 2023, the investment portfolios met these limitations.

Custodial Credit Risk: Custodial credit risk is the risk that the police officers' pension plan may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. On September 30, 2023, the investment portfolio had no foreign fixed income investments.

Information concerning the police officers' pension plan's fixed income investments, is presented below:

Investment Type	S&P Rating	Fair Value	Average Maturity Years
Fixed income investments:			
FMIvT Core Plus Fixed Income Fund	AA+	$ 1,154,435	8.03
FMIvT Broad Market High Quality Bond Fund	AA+	1,239,320	6.90
Total fixed income investments		$ 2,393,755	

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Transfers	Increases	Decreases	Balance September 30, 2023
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 8,062,781	$ (46,829)	$ -	$ -	$ 8,015,952
Construction in process	-	-	60,123	-	60,123
Total capital assets, not being depreciated	8,062,781	(46,829)	60,123	-	8,076,075
Capital assets, being depreciated:					
Buildings and improvements	23,226,672	(84,682)	1,027,064	-	24,169,054
Machinery and equipment	4,069,079	-	608,299	(2,500)	4,674,878
Infrastructure	9,857,937	131,511	1,840,107		11,829,555
Total capital assets, being depreciated	37,153,688	46,829	3,475,470	(2,500)	40,673,487
Less accumulated depreciation	(17,278,741)	-	(1,769,697)	2,500	(19,045,938)
Total capital assets being depreciated, net	19,874,947	46,829	1,705,773	-	21,627,549
Governmental activities capital assets, net	$ 27,937,728	$ -	$ 1,765,896	$ -	$ 29,703,624
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 227,136	$ -	$ -	$ -	$ 227,136
Construction-in-progress	10,579,767	1,732,675	2,069,706	-	14,382,148
Total capital assets, not being depreciated	10,806,903	1,732,675	2,069,706	-	14,609,284
Capital assets, being depreciated:					
Electric transmission and distribution plant	30,118,959	809,094	2,345,230	-	33,273,283
Water/wastewater treatment plant	19,004,997	(3,513,768)	-	-	15,491,229
Water/wastewater pumping and collection plant	19,742,474	596,428	254,393	-	20,593,295
General plant and equipment	12,227,087	375,571	1,210,572	-	13,813,230
Total capital assets, being depreciated	81,093,517	(1,732,675)	3,810,195	-	83,171,037
Less accumulated depreciation	(41,927,645)	-	(3,303,823)	-	(45,231,468)
Total capital assets being depreciated, net	39,165,872	(1,732,675)	506,372	-	37,939,569
Business-type activities capital assets, net	$ 49,972,775	$ -	$ 2,576,078	$ -	$ 52,548,853

NOTE 6 - CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:		
General government	$	430,082
Public safety		165,403
Physical environment		156,882
Transportation		303,480
Culture/recreation		713,850
Total depreciation expense - governmental activities	$	1,769,697

Business-type Activities:		
Electric	$	1,273,259
Water		697,059
Wastewater		1,138,978
Sanitation		73,117
Stormwater		111,959
Internal service		9,451
Total depreciation expense - business-type activities	$	3,303,823

NOTE 7 – LEASES

City as Lessor—The City is the lessor in two lease agreements for community center facilities. A lease receivable and deferred inflow of resources were recorded for each of these leases.

- In 2016, the City entered into a lease agreement with the Episcopal Children's Services, Inc for the leasing of community center facilities located at Augusta Savage Arts and Community Center. Based on the terms of the agreement, the initial five-year lease began on November 1, 2016, and is scheduled to expire on October 31, 2023, with an option to renew for three additional one-year periods provided the parties mutually agree on the terms at the time of renewal. Annual rentals under the lease agreement include minimum monthly payments of $1,400.
- In 2021, the City entered into a lease agreement with the AMIkids Clay County, Inc, Inc for the leasing of community center facilities located at Augusta Savage Arts and Community Center. Based on the terms of the agreement, the initial ten-year lease began on November 11, 2021, and is scheduled to expire on December 31, 2031, with an option to renew for five additional two-year periods provided the parties mutually agree on the terms at the time of renewal. Annual rentals under the lease agreement include minimum monthly payments of $3,231.

For the year ended September 30, 2023, the City recognized $51,112 in lease revenue and $6,179 in interest revenue related to these leases. As of September 30, 2023, the City's receivable for lease payments was $289,372 and for interest payments was $478. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was $285,673.

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
Series 2016A Sales Tax Revenue Note	$ 617,000	$ -	$ (151,000)	$ 466,000	$ 153,000
Series 2016B Sales Tax Revenue Note	659,000	-	(67,000)	592,000	68,000
Total long-term debt	1,276,000	-	(218,000)	1,058,000	221,000
Other liabilities:					
Other postemployment benefits	242,606	-	(5,417)	237,189	-
Net pension liability	2,970,995	158,176	-	3,129,171	-
Compensated absences	572,570	142,379	-	714,949	214,485
Total other liabilities	3,786,171	300,555	(5,417)	4,081,309	214,485
Total long-term obligations	$ 5,062,171	$ 300,555	$ (223,417)	5,139,309	$ 435,485
Less amounts due in one year				(435,485)	
Total noncurrent obligations due in more than one year				$ 4,703,824	
Business-type Activities:					
Long-term debt:					
2020 Drinking Water SRF Loan	$ 218,773	$ -	$ (22,686)	$ 196,087	$ 23,075
2019 Water System Revenue Note	1,102,000	-	(146,000)	956,000	149,000
2019 Wastewater SRF Loan	1,682,443	-	(88,862)	1,593,581	89,387
2021 Electric Utility Revenue Note	8,493,000	-	(708,000)	7,785,000	720,000
2016 Wastewater SRF Loan	34,026	-	(2,087)	31,939	2,135
2017 Wastewater SRF Loan	638,945	-	(36,778)	602,167	37,424
2020 Wastewater SRF Loan	10,213,704	1,718,998	-	11,932,702	349,342
Equipment Purchase Note, 2021	159,653	-	(51,024)	108,629	53,186
Total bonds and notes payable	22,542,544	1,718,998	(1,055,437)	23,206,105	1,423,549
Other liabilities:					
Other postemployment benefits	167,874	31,386	-	199,260	-
Net pension liability	1,917,298	1,260,755	-	3,178,053	-
Compensated absences	381,100	167,775	-	548,875	164,664
Total other liabilities	2,466,272	1,459,916	-	3,926,188	164,664
Total long-term liabilities	$ 25,008,816	$ 3,178,914	$ (1,055,437)	27,132,293	$ 1,588,213
Less amounts due in one year				(1,588,213)	
Net long-term liabilities in excess of one year				$ 25,544,080	

Notes to Long-Term Obligations Table

Long term liabilities, including accumulated compensated absences are typically liquidated by the individual fund to which the liability is directly associated.

All of the City's long-term debt arose through direct borrowing or direct placement.

Interest Included as Direct Expense:

None of the interest on governmental activities long-term debt has been included in the direct expenses of any of the various programs.

NOTE 8 - LONG-TERM OBLIGATIONS (cont…)

Governmental Activities:

- $1,470,000 - Refunding Revenue Note, Series 2016A, refunded Sales Tax Revenue Note, Series 2013, which was issued for the construction of the City's new police station and emergency operations center. The note is payable in semi-annual installments of $80,513 (including interest of 1.63%) beginning January 1, 2017 through July 1, 2026. This note is payable from and secured solely by Sales Tax Revenue and Communication Service Tax Revenue. The approximate amount of this pledge is equal to the remaining principal and interest payments.
- $1,030,000 - Revenue Note, Series 2016B, for the construction of the City's Spring Park Project. The note is payable in semi-annual installments of $40,103 (including interest of 2.25%) beginning January 1, 2017 through July 1, 2031. This note is payable from and secured solely by Sales Tax Revenue and Communication Service Tax Revenue. The approximate amount of this pledge is equal to the remaining principal and interest payments.

Business-Type Activities:

- $236,389 - 2020 Drinking Water SRF Loan, for improvements to the City's water system. The loan is payable in semi-annual installments of $10,030 (including interest of 1.71%) through July 15, 2031. This loan is payable from and secured by the net revenues of the City's water utility system.
- $1,500,000- 2019 Water System Revenue Note, for improvements to the City's water system. The loan is payable in increasing semi-annual installments (including interest of 2.63%) through April 1, 2029. This loan is payable from and secured by the net revenues of the City's water utility system.
- $5,745,419 - 2019 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in increasing semi-annual installments of $43,329 and a $4,013,219 grant recognized in the year ended September 30, 2020 (including interest of 0.59%) through June 15, 2040. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- $9,791,000 - 2021 Electric Utility Revenue Note, for improvements to the City's electrical distribution system. The note is payable in annual installments of $853,699 (including interest of 1.71% due semi-annually) through July 1, 2033. This note is payable from and secured by the net revenues of the City's electric utility system.
- $44,006 - 2016 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of $1,427 (including interest of 2.29%) through September 15, 2036. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- $719,185 - 2017 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of $20,470 (including interest of 0.66%) through May 15, 2039. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- $13,733,665 - 2020 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of $194,679 (including interest of 0.00%) beginning on August 15, 2023 until all amounts due have been fully paid. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- $255,600 - 2021 Note for financed equipment purchases. Payable in semiannual installments of $28,588 (including interest of 3.25%) beginning April 22, 2021 through October 22, 2025.

NOTE 8 - LONG-TERM OBLIGATIONS (cont…)

The debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default.

- SRF Loans - In the event of default the lender, subject to superior liens on the pledged revenues, may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to as much as 166.7% of the loan interest rate.

Maturities:

Annual requirements to repay all long-term debt as of September 30, 2023, were as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2024	$ 221,000	$ 19,906	$ 1,423,549	$ 287,706
2025	225,000	15,871	1,793,369	259,575
2026	230,000	11,742	1,756,159	231,510
2027	73,000	8,190	1,773,406	204,721
2028	75,000	6,525	1,792,665	177,507
2029-2033	234,000	9,304	8,471,351	463,757
2034-2038	-	-	3,064,200	17,911
2039-2043	-	-	209,770	1,170
Principal forgiveness grant	-	-	2,921,636	-
Total	$ 1,058,000	$ 71,538	$ 23,206,105	$ 1,643,857

Pledged Revenues:

The City has pledged certain future revenues, net of operation and maintenance expenses, for payment of debt. The following table provides a summary of the pledged revenues for the City's outstanding debt issues for which specific revenues have been pledged:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
Water system net revenues	6/15/2040	$ 1,918,295	$ 199,393	$ 38,823	19.47%
Sewer system net revenues	4/1/2029	14,280,660	142,443	1,284,756	901.94%
Electric system net revenues	7/1/2033	8,536,654	853,400	300,572	35.22%
Sales tax and communication services tax	7/1/2031	1,129,537	241,883	1,223,317	505.75%

NOTE 9 – INTERFUND TRANSACTIONS

Interfund transfers in (out) for the year ending September 30, 2023 consisted of the annual budgeted reallocation of resources as follows:

	Transfer In:				
	General Fund	Disaster Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	Total
Transfers Out:					
Electric fund	$ 850,000	$ 99,275	$ -	$ -	$ 949,275
Water fund	100,000	-	-	-	100,000
Sewer fund	135,000	-	-	-	135,000
Solid waste fund	20,000	-	-	-	20,000
Spring Park Capital improvement fund	649,828	-	-	-	649,828
General Fund	-	50,207	133,272	81,445	264,924
Total	$ 1,754,828	$ 149,482	$ 133,272	$ 81,445	$ 2,119,027

Transfers in (out) during the fiscal year are as follows:

- Transfers from the enterprise funds to the general fund were made to support governmental activities.
- $264,924 was transferred from the General Fund to special revenue and capital projects funds to provide additional funding for expenses in excess of revenues in those funds. The electric fund transfer to the disaster special revenue fund was also to provide additional funding to that fund.
- $649,828 was transferred from the Spring Park Capital improvement fund to refund to the general fund prior transfers that were ultimately not used for capital expenditures.

The general fund owed the electric fund $1,245,000 on September 30, 2023 due to an interfund loan made during the year to provide the general fund with unrestricted monies as the unassigned fund balance was negative at year-end.

NOTE 10 – PENSION PLANS

FLORIDA RETIREMENT SYSTEM:

Plan Description and Administration - The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees, with the exception of police officers. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of credited service at retirement. Effective July 1, 2023, Ch. 2023-193, Laws of Fla. increased the level of monthly benefits from $5.00 per year of service per month to $7.50, with an increased minimum of $45.00 per month and a maximum of $225 per month. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered -Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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. All members enrolled in the 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. Members of both Plans may include up to four years of credit for military service toward creditable service. The 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 Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS 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.

NOTE 10 – PENSION PLANS (cont…)

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements - Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions - The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect on September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Class	Through June 30, 2023	After June 30, 2023
Regular Class	10.19%	13.57%
Elected Officials	55.28%	56.62%
Senior Management	29.85%	34.52%
DROP Participants	16.94%	21.13%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll to June 30, 2023 and 2.00% thereafter. The current- year employee contribution rate to the FRS pension plan was 3.00%.

For the fiscal year ended September 30, 2023, actual contributions made for employees participating in FRS and HIS were $546,631 for FRS and $92,263 for HIS.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions - On September 30, 2023, the City reported a liability of $6,037,224 for its proportionate share of the net pension liability, $4,307,991 related to FRS and $1,999,233 to HIS. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. On June 30, 2023 and June 30, 2022, the City's FRS proportion was 0.01081137% and 0.00994116%, respectively.

On June 30, 2023 and June 30, 2022, the City's HIS proportion was 0.012588572% and 0.011229509%, respectively.

For the year ended September 30, 2023, the City's recognized pension expense of $1,055,980 from FRS and $824,352 from HIS, for a total of $1,880,332.

NOTE 10 – PENSION PLANS (cont…)

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 404,483	$ -	$ 29,267	$ 4,692
Change in assumptions	280,831	-	52,559	173,240
Difference between projected and actual investment plan	179,913	-	1,032	-
Change in City's proportionate share	591,281	31,495	345,437	3,397
Contributions subsequent to the measurement date	139,300	-	27,050	-
	$ 1,595,808	$ 31,495	$ 455,345	$ 181,329

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year ending September 30,	FRS	HIS	Total
2024	$ 376,145	$ 61,609	$ 437,754
2025	249,631	66,968	316,599
2026	58,795	65,616	124,411
2027	693,578	44,627	738,205
2028	46,864	11,632	58,496
Thereafter	-	(3,486)	(3,486)
	$ 1,425,013	$ 246,966	$ 1,671,979

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2003, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans are assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is the same as the prior year. The 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.45%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

NOTE 10 – PENSION PLANS (cont…)

Long-term expected rate of return - FRS To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2022, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward- looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed Income	19.80%	4.50%	4.40%	3.40%
Global Equity	54.00%	8.70%	7.10%	18.10%
Real Estate (Property)	10.30%	7.60%	6.60%	14.80%
Private Equity	11.10%	11.90%	8.80%	26.30%
Strategic Investment	3.80%	6.30%	6.10%	7.70%
Total	100.00%			
Assumed Inflation Mean			2.40%	1.40%

Sensitivity of the net pension liability to changes in the discount rate - The following presents the proportionate shares of the FRS and HIS net pension liability (asset) of the City calculated using the current discount rates, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Current Discount Rate	Net Pension Liability at Measurement Date		
		1% Decrease	Current Discount	1% Increase
FRS	6.70%	$ 7,358,924	$ 4,307,991	$ 1,755,519
HIS	3.65%	2,280,813	1,999,233	1,765,822
City's Net Pension Liability		$ 9,639,737	$ 6,307,224	$ 3,521,341

NOTE 10 – PENSION PLANS (cont…)

POLICE OFFICERS' PENSION PLAN:

Plan Description and Administration - The City maintains one separate single-employer defined benefit pension plan for full-time police officers, which is maintained as the Pension Trust Fund and included as part of the City's reporting entity. Funds are held for the Plan in the Florida Municipal Pension Trust Fund (FMPTF), administered by the Florida League of Cities. The assets of the Plan are invested together with the assets of other pension plans. The program was established for the purpose of collectively managing individually designed pension plans of participating investment and administrative services for eligible governmental agencies in Florida. The City has established a Board of Trustees, which is solely responsible for the administration of the Plan. The Board of Trustees is comprised of two Council appointees; two members of the department elected by the membership; one member elected by the other four members and appointed by the Council. The Board of Trustees establishes and may amend provisions of the Plan related to participant eligibility, contribution requirements, vesting, and benefit provisions. However, these plan provisions are subject to minimum requirements established in Chapters 112 and 185, Florida Statutes. The Plan does not issue a stand-alone financial report.

Benefits Provided and Employees Covered - The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. No cost-of-living adjustments are provided to retirees and beneficiaries. The Plan's Board of Trustees has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of every other year. Current membership in the Plan was composed of the following at October 1, 2022:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	26
Active plan members	24
Total	54

Employees vest with 100% full benefits after 6 years of service. Employees are eligible for normal retirement after attaining age 55 with 6 years of credited service, or 25 years of credited service, regardless of age. The Plan also provides for disability, retirement, and death benefits with eligibility and benefit provisions as described in the authorizing ordinance. Benefits at normal retirement are equal to 3.00% of average earnings (average of the highest five years of pensionable wages out of the last 10 years) time years of service. The minimum benefit for duty disability is 65% of final average compensation. The minimum benefit for nonduty disability is 25% of final average compensation.

Financial Statements - The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All Plan investments are reported at fair value. Separate financial statements have not been prepared for the Plan.

Contributions - The participant contribution rates for the Plan are established by and may be amended by the City Council. Employees covered under the Plan are required to make contributions of 1% of their compensation. The City's annual required contribution for the current year was determined as part of the October 1, 2022 actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to contribute a payment which represents annual normal cost-plus amortization of the unfunded actuarial accrued liability over various periods as prescribed by law. The City's contributions (and if applicable, any liquidations of a net pension liability) to the Plan are funded by the General Fund.

NOTE 10 – PENSION PLANS (cont…)

The State of Florida also makes contributions to the police officers' pension plan in accordance with Chapter 185 of the Florida Statutes as amended by the State Legislature. The City's actual annual contribution for the plan is determined by subtracting estimated employee contributions and actual State of Florida contributions from the total annual required contribution as determined by the actuary.

Contributions to the Plan for the year ended September 30, 2023, were as follows:

	Police Officers' Pension Trust Fund
Contribution rates:	
City and State	33.8%
Plan members	1.0%
Actuarially determined contribution	$ 460,049
Contributions made in relation to the actuarially determined contribution	$ 466,177

Net Pension Liability – The components of the changes in the net pension liability for the year ended September 30, 2023 are shown below. The net pension liability as of September 30, 2023 for financial reporting purposes was determined by actuarial valuations as of October 1, 2022 updated to September 30, 2023 (the measurement date).

Total pension liability	$ 7,692,901
Adjusted plan fiduciary net position (*)	(8,395,817)
Net pension liability (asset)	$ (702,916)
Plan fiduciary net position as a percentage of the total pension liability	109%

(*) – the adjusted fiduciary net position above is different from the fiduciary net position as reported in the statement of net position – fiduciary funds because the actuary removes the defined contribution component of the pension fund (commonly referred to as a Share Plan) when calculating the net pension liability.

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2022, with a measurement date of September 30, 2023, using the following actuarial assumptions to all measurement periods.

Inflation	3.00%
Projected salary increases	Service Based
Investment rate of return	7.15%
Discount rate	7.15%
Date of actuarial experience study	June 15, 2020

Mortality rates were based on The Society of Actuaries' Retirement Plan Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Report.

Long-term expected rate of return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 – PENSION PLANS (cont…)

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Long-term Expected Real Rates of Return	Target Asset Allocations
Core Bonds - Broad Market High Quality	2.50%	15.00%
Core Plus Fixed Income Fund	2.80%	15.00%
US Large Cap Equity	7.10%	25.00%
US Small Cap Equity	8.60%	14.00%
International Equity	8.20%	21.00%
Core Real Estate	6.50%	10.00%

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

Change in net pension liability (asset) – Changes in the plan's net pension liability (asset) were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending 9/30/2022	$ 6,553,504	$ 7,383,547	$ (830,043)
Changes for the year:			
Service cost	434,366	-	434,366
Interest	484,372	-	484,372
Difference between actual and expected experience	291,219	-	291,219
Contributions - City	-	352,955	(352,955)
Contributions - State	-	110,300	(110,300)
Contributions - employee	-	15,574	(15,574)
Net investment income	-	622,570	(622,570)
Benefit payments, including refunds of employee contributions	(70,559)	(70,559)	-
Administrative expense	-	(18,569)	18,569
Net changes	1,139,398	1,012,271	127,127
Reporting period ending 9/30/2023	$ 7,692,902	$ 8,395,818	$ (702,916)

Investments and Money-weighted Rate of Return - The Plans' investment policy and information related to concentrations and custodial and credit risk is discussed in Note 5 to the financial statements. For the year ended September 30, 2023, the net money-weighted rate of return, adjusted for the changing amounts actually invested, for the police officers' pension plan was as 8.36%.

NOTE 10 – PENSION PLANS (cont…)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City as of the measurement date (September 30, 2023), calculated using the current discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of September,	Current Discount Rate	1% Decrease	Current Rate	1% Increase
9/30/2023	7.00%	$ 557,207	$ (702,916)	$ (1,717,530)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension - For the year ended September 30, 2023, the City recognized pension expense of $537,109 related to the police officers' pension plan. On September 30, 2023, the City reported deferred outflows and deferred inflows of resources related to the police officers' pension plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 320,050	$ 1,045,534
Change in assumptions	325,383	75,959
Net difference between projected and actual earnings on Plan investments	604,327	-
Total	$ 1,249,760	$ 1,121,493

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year ending September 30,	Amount
2024	$ 114,573
2025	109,470
2026	275,838
2027	(108,126)
2028	(87,469)
Thereafter	(176,019)
	$ 128,267

A summary of pension related elements and annual pension expense for the City's participation in FRS, HIS and as sponsor of the police officers' pension plan as of, and for the year ended September 30, 2023 were as follows:

	Police Officers'	FRS	HIS	Total
Deferred outflows of resources related to pensions	$ 1,249,760	$ 1,595,808	$ 455,345	$ 3,300,913
Net pension liability (asset)	(702,916)	4,307,991	1,999,233	5,604,308
Deferred inflows of resources related to pensions	1,121,493	31,495	181,329	1,334,317
Pension expense (benefit)	577,250	1,055,980	824,352	2,457,582

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS PLAN

The City of Green Cove Springs, Florida Post-Employment Benefits Plan is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report. The City follows GASB Cod. Sec. P50 for certain post-employment health care and dental benefits provided by the City.

The City's OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of the GASB Codification. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funding Policy – The City currently pays for post-employment health care benefits on a pay-as-you-go basis.

Plan Membership - Participant data as of the most recent actuarial valuation:

Inactive plan members of beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	102
Total	109

Total OPEB liability – The City's total OPEB liability was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2021 updated to the measurement date.

Actuarial assumptions - Significant actuarial assumptions used to measure the total OPEB liability were as follows:

Inflation	2.50%
Salary inflation	2.50%
Discount rate	4.87%
Investment rate of return	0.00%
Healthcare cost trend rates	7.50% in 2021, grading down to the ultimate trend rate of 4.00% in 2075.

Mortality rates were based on the Pub-2010 mortality tables for males or females, as appropriate, with adjustment for mortality improvements based on Scale MP-2018.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS PLAN (cont…)

Discount rate – The discount rate was based on a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2022	$ 410,480
Changes for the year:	
Service cost	40,575
Interest	20,800
Changes of assumptions	(5,086)
Benefit payments	(30,320)
Net changes	25,969
Reporting period ending September 30, 2023	$ 436,449

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

	1% Decrease (3.87%)	Discount Rate (4.87%)	1% Increase (5.87%)
Total OPEB liability	$ 491,645	$ 436,449	$ 390,109

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a health care cost trend rate range that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate range:

	1% Decrease (6.50% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.00%)	1% Increase (8.50% decreasing to 5.00%)
Total OPEB liability	$ 373,588	$ 436,449	$ 515,279

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS PLAN (concluded)

OPEB expenses and deferred outflows of resources related to OPEB – For the year ended September 30, 2023, the City recognized OPEB expense of $42,397. On September 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ -	$ 117,821
Differences between expected and actual experience	-	47,300
Total	$ -	$ 165,121

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	Amount
2024	$ (20,578)
2025	(20,578)
2026	(20,578)
2027	(20,578)
2028	(20,578)
Thereafter	(62,231)
Total	$ (165,121)

NOTE 12 – SELF-INSURANCE PROGRAM

The City is exposed to risks for losses related to health and other medical benefits it provides to its employees. A self-insurance program was created October 1, 2020 to handle these risks. The Self Insurance was established to account for medical insurance claims of City employees and their covered dependents. Commercial insurance for specific loss claims in excess of $75,000 is provided by Gerber Life Insurance at an aggregate monthly factor per participating employee based on their election. The City has a minimum aggregate deductible of approximately $915,000 and a maximum aggregate benefit of $1,000,000 in excess of the minimum aggregate deductible. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. All claims are handled by Preferred Benefit Administrators, the third-party administrator. All funds of the City which carry employees participate in the program and make payments to the General Fund based on estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2023, the City reported a liability of $107,380 in the general fund to account for actual claims and those incurred but not reported Claims (IBNR).

The previously reported prepaid claims asset was restated to reflect the correction of an error in the previous year calculation in that the previously reported asset of $322,060 was incorrect and the City should have reported a $224,517 liability.

NOTE 12 – SELF-INSURANCE PROGRAM (cont…)

Changes in the claims liability amount for the year-ended September 30, 2023 were:

	2023
Prepaid claims as previously reported, October 1	$ (322,060)
Restatement	546,577
Claims liability balance, as restated, October 1	224,517
Claims and changes in estimates	1,707,092
Claims payments	(1,824,229)
Claims liability balance, September 30	$ 107,380

NOTE 13 – POWER SUPPLY AGREEMENTS

General - The City currently purchases all of its power requirements from the Florida Municipal Power Agency (FMPA) under an "All Requirements Contracts" (see below). FMPA, a legal entity organized in 1978 and existing under the laws of the State of Florida, as of September 30, 2023, FMPA has 33 members, including the City. One of FMPA's responsibilities is to develop electric projects and offer participation therein to its members. Its members individually determine in which project or projects they wish to participate. FMPA is governed by a Board of Directors on which the City is represented. The City, by agreement, has no equity interest in any of the assets owned by FMPA, or any obligation for liabilities of the Agency. FMPA does not constitute a joint venture nor does it meet the criteria for inclusion in the City's reporting entity.

St. Lucie Project - In May 1983, FMPA issued $290,000,000 St. Lucie Project Revenue Bonds, Series 1983 (Series 1983) in order to purchase an 8.806% undivided ownership interest in Florida Power and Light Company's (FP&L) St. Lucie Unit No. 2. In March 1986, FMPA issued $284,810,000 in St. Lucie Project Refunding Revenue Bonds, Series 1986, to advance refund $250,910,000 of the outstanding Series 1983 bonds in a legal defeasance of that portion of the Series 1983 bonds. In July 1992, FMPA issued $326,090,000 St. Lucie Project Refunding Revenue Bonds, Series 1992 (Series 1992), to advance refund in the prior two issues. In 2000 and 2002, FMPA issued two additional refunding bonds to partially refund the 1992 issue. In addition, FMPA has issued several additional bonds. The 2000 and 2002 bonds were variable rate bonds and were retired in December 2018. The 2009A bonds were retired in October, 2019. On September 1, 2021, the St. Lucie Project issued the 2021A bonds with a face amount of $14.8 million at a premium and used the $18.6 million along with other project funds to refund the St. 2011B bonds with a face value of $24.3 million and pay closing costs. At September 30, 2023, the total outstanding amount related to the St. Lucie Project is $58,506,000. The City is contingently liable for 1.757% of the total amount of outstanding debt, (approximately $1,027,000) at September 30, 2023. Pursuant to a power sales contract and a project support contract with FMPA, the City acquired an entitlement share of 1.757% (approximately 1.241MW) of FMPA's 8.806% interest in St. Lucie No. 2. Payments are required by the City whether or not the St. Lucie Project is operable or operating and are due each month based upon a budget prepared by FMPA, adjusted annually. Total costs under this contract during 2023 were $614,274.

All Requirements Power Supply Agreement - On February 12, 1985, the City, along with several other municipalities (the project participants), entered into separate agreements with FMPA, whereby FMPA agreed to sell and deliver to the project participants, and the project participants agreed to purchase and receive from FMPA, all electric capacity and energy which the project participants shall require (excluding St. Lucie) for the operation of their municipal electric systems.

NOTE 13 – POWER SUPPLY AGREEMENTS (cont…)

The City has given FMPA notice pursuant to Section 2 of the All- Requirements Power Supply Contract that the term of their contract will not renew automatically each year after the initial contract term. The term of the contract is now fixed and will terminate on October 1, 2037. Effective December 31, 2014, the City has issued a Contract Rate of Delivery (CROD) notice to FMPA. This notice will fix capacity of power being provided by FMPA to the City within a five-year time frame. The fixed capacity was placed into effect January 1, 2020, and will be determined by measurement of the peak demand of the City during the 12 months preceding the date one month prior to the effective date of CROD.

FMPA and the City entered into a Supplemental Power and Ancillary Services agreement on May 21, 2019. The City desired to limit the impacts of CROD to the City's operations and costs, while continuing to have the ability to make use of available ARP rate discount riders should significance load(s) materialize, consistent with the terms of this agreement. The City and FMPA discussed the possibility of Executive Committee action to extend the availability of the Load Attraction Incentive Rate so it is available to be utilized by the City for the entire term of this agreement. FMPA and the City entered into this agreement for FMPA to provide supplemental power and ancillary services to the City, in accordance with the terms of this agreement, in place of a CROD Responsibility Agreement which would otherwise be required.

Power rates are determined by the Board, subject to the approval of the project participants, but must be sufficient to meet FMPA's revenue requirements. Charges to the City are payable solely from electric utility revenues and in no way can FMPA compel the City to exercise its taxing power. Total costs under this contract during 2023 were approximately $9,700,000.

NOTE 14 – RISK MANAGEMENT

INSURANCE - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property damages for which there has been no significant reduction in coverages, nor have settlement amounts exceeded the City's coverages during the year ended September 30, 2023 or the previous two years. All of the City's insurance is from commercial carriers and there is no self-insurance other than for medical insurance claims of City employees and their covered dependents which was discussed previously in Note 12.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

UNEMPLOYMENT CLAIMS - The City reimburses the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provisions for potential claims have been made in the financial statements.

LITIGATION - The City is a party to various claims and assessments arising from its actions while carrying out its public services. The City carries general liability coverage and management believes its coverage is sufficient to cover all significant losses arising from the unsuccessful outcome of any pending and/or threatened litigation.

GRANTS - Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (cont…)

On March 17, 2009, the City entered into an agreement with the Florida Communities Trust (FCT), an agency within the State of Florida Department of Economic Opportunity, formerly the Department of Community Affairs, which imposes several terms and conditions with regards to land acquired through a grant from FCT. The City has committed to maintaining the land perpetually as well to making certain improvements which include, but are not limited to, providing recreational facilities including a skateboard park, swimming pool, dog park, tennis, racquetball and shuffleboard courts, and baseball and soccer fields, planting native vegetation throughout a significant portion of the land, and developing stormwater facilities to improve the quality of surface waters. In addition, a staffed recreation center is to be developed on the project site to provide year-round education classes or programs.

NOTE 16 - RESTATEMENT

The previously reported fund balance or net position, as appropriate, have been restated to correct errors as shown below:

	September 30, 2022				
	Balances as previously reported	**Self insurance Restatement**	**Revenue Accrual Restatement**	**Police Pension Plan Restatement**	**Balances as restated**
Governmental Funds:					
General fund	$ 2,707,657	$ (399,538)	$ -	$ -	$ 2,308,119
Disaster recovery fund	(88,207)	-	(61,275)	-	(149,482)
Proprietary Funds:					
Enterprise Funds:					
Electric fund	15,419,779	(36,760)	-	-	15,383,019
Water fund	7,697,921	(33,532)	-	-	7,664,389
Sewer fund	15,648,307	(29,707)	-	-	15,618,600
Solid waste fund	320,105	(24,029)	-	-	296,076
Stormwater fund	1,514,716	(4,552)	(125,750)	-	1,384,414
Internal service fund	30,796	(18,453)	-	-	12,343
Fiduciary Fund:					
Police pension fund	7,383,547	-	-	59,225	7,442,772

Self-insurance restatement – As of September 30, 2022 a prepaid insurance asset in the amount of $322,055 in error and the balance reported should have been a insurance payable liability in the amount of $224,517 for a total restatement of fund balance or net position, as appropriate, of $546,571.

Revenue accrual restatement – In a prior year certain receivables/revenue were accrued in error and to correct that error, the previously reported fund balance of the disaster recovery special revenue fund and the previously reported net position of the stormwater fund was reduced by the amount of the erroneous receivables/revenue.

Police pension plan restatement – In the prior year the defined contribution component of the police officers' pension plan (commonly called a "Share Plan") was excluded from fiduciary net position and considering these are assets of the police officers' pension plan, these amounts should be reported on the statement of fiduciary net position. Beginning fiduciary net position was restated to add back the amounts previously excluded.

NOTE 17 – SUBSEQUENT EVENTS

- On January 4, 2024 the City issued the Stormwater Assessment Revenue Note, Series 2024 for $8,557,000 to be used for the acquisition and construction of improvements to the City's stormwater system and secured by stormwater non-advalorem assessments. The interest rate is 5.50% per annum and interest is payable semi-annually on April 1 and October 1 and commenced on April 1, 2024. Principal is due annually and will be fully amortized over a period of 20 years beginning with the first annual payment on April 1, 2025.
- On May 13, 2024 the City executed loan agreement DW-100440 with the Florida Department of Environmental Protection under Florida's State Revolving Fund program for $2,195,000 to be used as part of a surface water discharge elimination program. The interest rate is 2.00% per annum with principal and interest payments due semi-annually beginning on October 15, 2025 with final maturity on April 15, 2045.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREEN COVE SPRINGS, FLORIDA
Budgetary Comparison Schedule – General Fund
For the year ended September 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RESOURCES:				
Taxes	$ 3,790,243	$ 3,790,243	$ 4,023,640	$ 233,397
Licenses and permits	80,000	80,000	76,744	(3,256)
Intergovernmental revenue	6,017,732	6,017,732	4,983,016	(1,034,716)
Charges for services	119,039	119,039	104,561	(14,478)
Fines and forfeitures	1,280,700	1,280,700	816,018	(464,682)
Investment income (loss), net	5,000	5,000	157,437	152,437
Other	148,509	148,509	75,633	(72,876)
Total revenues	11,441,223	11,441,223	10,237,049	(1,204,174)
CHARGES TO APPROPRIATIONS:				
Current:				
General government:	1,789,184	1,789,184	2,121,901	(332,717)
Public safety:	3,888,085	3,888,085	4,249,009	(360,924)
Physical environment:	261,646	261,646	244,460	17,186
Transportation	1,134,518	1,134,518	1,232,501	(97,983)
Culture/recreation:	827,674	827,674	669,767	157,907
Capital outlay	6,804,996	6,804,996	3,533,628	3,271,368
Total expenditures	14,706,103	14,706,103	12,051,266	2,654,837
EXCESS (DEFICIENCY) OF REVENUE OVER(UNDER) EXPENDITURES	(3,264,880)	(3,264,880)	(1,814,217)	1,450,663
OTHER FINANCING SOURCES (USES):				
Transfers in	3,027,822	3,027,822	1,754,828	(1,272,994)
Transfers (out)	(492,079)	(492,079)	(264,924)	227,155
Total other financing sources (uses)	2,535,743	2,535,743	1,489,904	(1,045,839)
NET CHANGE IN FUND BALANCE	$ (729,137)	$ (729,137)	$ (324,313)	$ 404,824

Basis of Accounting – The budget for this fund was prepared and reported on the modified accrual basis of accounting.

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers' Pension Plan

City reporting period date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Total pension liability					
Service cost	$ 434,366	$ 378,703	$ 371,283	$ 383,393	$ 300,036
Interest	484,372	448,267	426,875	433,108	390,380
Difference between expected and actual experience	291,218	(269,668)	(314,632)	(844,678)	-
Change of assumptions	-	-	(111,290)	-	-
Benefit payments, including refunds of of employee contributions	(70,559)	(70,330)	(60,588)	(49,044)	(36,019)
Net change in total pension liability	1,139,397	486,972	311,648	(77,221)	654,397
Total pension liability, beginning	6,553,504	6,066,532	5,754,884	5,832,105	5,177,708
Total pension liability, ending (a)	$ 7,692,901	$ 6,553,504	$ 6,066,532	$ 5,754,884	$ 5,832,105
Plan fiduciary net position					
Contributions - City	$ 352,955	$ 208,408	$ 162,106	$ 233,214	$ 236,391
Contributions - State of Florida	110,299	145,216	135,826	120,254	121,585
Contributions - Employee	15,574	14,360	13,046	12,201	11,902
Net investment income (loss)	622,570	(1,106,002)	1,308,368	405,005	302,608
Benefit payments, including refunds of employee contributions	(70,559)	(70,330)	(60,588)	(49,044)	(36,019)
Administrative expenses	(18,569)	(36,250)	(30,590)	(31,894)	(21,148)
Net change in plan fiduciary net position	1,012,270	(844,598)	1,528,168	689,736	615,319
Plan fiduciary net position, beginning	7,383,547	8,228,145	6,699,977	6,010,241	5,394,922
Plan fiduciary net position, ending (b)	$ 8,395,817	$ 7,383,547	$ 8,228,145	$ 6,699,977	$ 6,010,241
Net pension liability (asset) (a)-(b)	$ (702,916)	$ (830,043)	$ (2,161,613)	$ (945,093)	$ (178,136)
Plan fiduciary net position as a percentage of total pension liability	109.14%	112.67%	135.63%	116.42%	103.05%
Covered payroll	$ 1,378,416	$ 1,234,144	$ 1,244,041	$ 1,257,127	$ 1,014,137
Net pension liability as a percentage of covered payroll	-50.99%	-67.26%	-173.76%	-75.18%	-17.57%
Annual Money-Weighted Rate of Return	8.36%	-14.17%	17.53%	6.37%	5.45%

Continued…

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers' Pension Plan (concluded)

City reporting period date	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability				
Service cost	$ 299,380	$ 219,094	$ 219,094	$ 150,177
Interest	311,403	274,502	215,822	216,948
Difference between expected and actual experience	183,242	-	(136,512)	(18,269)
Change of assumptions	228,664	-	557,241	-
Benefit payments, including refunds of of employee contributions	(19,638)	(41,910)	(19,062)	(18,780)
Net change in total pension liability	1,003,051	451,686	836,583	330,076
Total pension liability, beginning	4,174,657	3,722,971	2,886,388	2,556,312
Total pension liability, ending (a)	$ 5,177,708	$ 4,174,657	$ 3,722,971	$ 2,886,388
Plan fiduciary net position				
Contributions - City	$ 199,431	$ 181,998	$ 141,437	$ 130,301
Contributions - State of Florida	102,575	93,609	85,340	73,815
Contributions - Employee	10,065	10,155	8,475	8,100
Net investment income (loss)	362,248	545,018	291,007	(4,872)
Benefit payments, including refunds of employee contributions	(19,638)	(19,348)	(19,062)	(18,780)
Administrative expenses	(30,900)	(15,546)	(27,174)	(16,444)
Net change in plan fiduciary net position	623,781	795,886	480,023	172,120
Plan fiduciary net position, beginning	4,771,141	3,975,255	3,495,232	3,323,112
Plan fiduciary net position, ending (b)	$ 5,394,922	$ 4,771,141	$ 3,975,255	$ 3,495,232
Net pension liability (asset) (a)-(b)	$ (217,214)	$ (596,484)	$ (252,284)	$ (608,844)
Plan fiduciary net position as a percentage of total pension liability	104.20%	114.29%	106.78%	121.09%
Covered payroll	$ 1,014,017	$ 1,015,500	$ 795,911	$ 744,678
Net pension liability as a percentage of covered payroll	-21.42%	-58.74%	-31.70%	-81.76%
Annual Money-Weighted Rate of Return	7.39%	13.29%	8.11%	-0.14%

Additional years' information will be displayed as it becomes available to present 10 years.

CITY OF GREEN COVE SPRINGS, FLORIDA
Schedule of Contributions – Police Officers' Pension Plan

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 460,049	$ 466,177	$ 6,128	$ 1,378,416	33.82%
2022	$ 305,715	$ 353,624	$ 47,909	$ 1,234,144	28.65%
2021	$ 260,971	$ 297,932	$ 36,961	$ 1,244,041	23.95%
2020	$ 303,449	$ 353,468	$ 50,019	$ 1,257,127	28.12%
2019	$ 357,671	$ 357,976	$ 305	$ 1,014,137	35.30%
2018	$ 302,438	$ 302,006	$ (432)	$ 1,014,137	29.78%
2017	$ 276,827	$ 275,607	$ (1,220)	$ 1,015,500	27.14%
2016	$ 230,927	$ 226,777	$ (4,150)	$ 795,911	28.49%
2015	$ 203,387	$ 203,965	$ 578	$ 744,678	27.39%
2014	$ 188,250	$ 193,375	$ 5,125	$ 693,444	27.89%

Significant methods and assumptions used in calculated the actuarially determined contributions:

- Valuation Date: October 1, 2022 for fiscal year 2023 contributions.
- Asset Valuation Method: Market value.
- Salary Increases: 4.00% per year.
- Investment Rate of Return: 7.00% per year.
- Inflation: 2.62% per year.
- Cost-of-living Adjustment: 1.50% per year.
- Payroll Growth: None
- Retirement age: Normal: Age 55 with 6 years of service or any age with 25 years of service.
- Mortality: Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.01081137%	0.00994116%	0.00865328%	0.00816973%	0.00708228%
City's proportionate share of the net pension liability (asset)	$ 4,307,991	$ 3,698,909	$ 653,657	$ 3,540,879	$ 2,439,038
City's covered payroll	$ 5,287,278	$ 4,093,252	$ 3,405,027	$ 3,279,119	$ 2,781,866
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	81.48%	90.37%	19.20%	107.98%	87.68%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%

	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.00779690%	0.00734544%	0.008451778%	0.007974291%	
City's proportionate share of the net pension liability (asset)	$ 2,348,466	$ 2,172,731	$ 2,134,081	$ 1,029,986	
City's covered payroll	$ 2,563,966	$ 2,330,206	$ 2,484,644	$ 2,386,450	
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	91.60%	93.24%	85.89%	43.16%	
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	

Additional years' information will be displayed as it becomes available to present 10 years.

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Contributions – Florida Retirement System Pension Plan

	2023	2022	2021	2020	2019
Contractually required contribution	$ 546,631	$ 415,031	$ 378,964	$ 271,444	$ 219,602
Contributions in relation to the contractually required contribution	(546,631)	(415,031)	(378,964)	(271,444)	(219,602)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The City of Green Cove Springs, Florida's covered payroll	$ 5,287,278	$ 3,994,236	$ 3,777,880	$ 3,279,119	$ 2,781,866
Contributions as a percentage of covered payroll	10.34%	10.39%	10.03%	8.28%	7.89%

	2018	2017	2016	2015
Contractually required contribution	$ 222,205	$ 207,762	$ 206,110	$ 194,420
Contributions in relation to the contractually required contribution	(222,205)	(207,762)	(206,110)	(194,420)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
The City of Green Cove Springs, Florida's covered payroll	$ 2,563,966	$ 2,330,206	$ 2,484,644	$ 2,386,450
Contributions as a percentage of covered payroll	8.67%	8.92%	8.30%	8.15%

Additional years' information will be displayed as it becomes available to present 10 years.

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Pension Plan

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.012588572%	0.011229509%	0.009616089%	0.009446086%	0.008316186%
City's proportionate share of the net pension liability (asset)	$ 1,999,233	$ 1,189,384	$ 1,179,558	$ 1,153,352	$ 930,498
City's covered payroll	$ 5,287,278	$ 4,093,252	$ 3,405,027	$ 3,279,119	$ 2,781,866
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.81%	29.06%	34.64%	35.17%	33.45%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.007848355%	0.007194699%	0.008436522%	0.00765235%
City's proportionate share of the net pension liability (asset)	$ 830,679	$ 769,290	$ 983,242	$ 780,419
City's covered payroll	$ 2,563,966	$ 2,330,206	$ 2,484,644	$ 2,386,450
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.40%	33.01%	39.57%	32.70%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Additional years' information will be displayed as it becomes available to present 10 years.

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Contributions – Health Insurance Subsidy Pension Plan

	2023	2022	2021	2020	2019
Contractually required contribution	$ 92,263	$ 66,304	$ 62,713	$ 54,433	$ 46,179
Contributions in relation to the contractually required contribution	(92,263)	(66,304)	(62,713)	(54,433)	(46,179)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
The City of Green Cove Springs, Florida's covered payroll	$5,287,278	$3,994,236	$3,777,880	$3,279,119	$2,781,866
Contributions as a percentage of covered payroll	1.75%	1.66%	1.66%	1.66%	1.66%

	2018	2017	2016	2015
Contractually required contribution	$ 42,562	$ 38,681	$ 43,243	$ 29,252
Contributions in relation to the contractually required contribution	(42,562)	(38,681)	(43,243)	(29,252)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
The City of Green Cove Springs, Florida's covered payroll	$2,563,966	$2,330,206	$2,484,644	$2,386,450
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.26%

Additional years' information will be displayed as it becomes available to present 10 years.

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability						
Service cost	$ 40,575	$ 77,103	$ 56,633	$ 52,822	$ 35,852	$ 37,406
Interest	20,800	13,577	12,530	19,054	21,485	19,120
Differences between expected and actual experience	-	(59,126)	-	(47,916)	-	-
Changes in assumptions	(5,086)	(141,556)	(18,956)	14,787	31,216	(27,170)
Benefit payments	(30,320)	(40,303)	(36,436)	(37,802)	(40,776)	(37,495)
Net change in total OPEB Liability	25,969	(150,305)	13,771	945	47,777	(8,139)
Total OPEB Liability - beginning	410,480	560,785	547,014	546,069	498,292	506,431
Total OPEB Liability - ending	$ 436,449	$ 410,480	$ 560,785	$ 547,014	$ 546,069	$ 498,292
Covered-employee payroll	$ 5,134,875	$ 5,009,634	$ 4,205,268	$ 4,102,700	$ 3,399,116	$ 3,316,211
Total OPEB liability as a percentage of covered-employee payroll	8.50%	8.19%	13.34%	13.33%	16.07%	15.03%
Assumption changes						
Discount rate	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%

No assets are being accumulated in a trust to pay for plan benefits.

Additional years will be added to this schedule annually until 10 years' data is presented.

Changes of assumptions: The changes in the discount rates for each period are shown in the above table. Also reflected as assumption changes are updated health care costs and premiums, updated mortality rates, updated termination rates, and updated health care cost trend rates.

Differences between expected and actual experience: Differences between expected and actual experience reflects the impact of changes to the census data from prior valuations.

Benefit payments: The City did not provide actual net benefits paid by the plan rather the expected net benefits produced by the valuation model are shown in the table above.

SUPPLEMENTARY INFORMATION

CITY OF GREEN COVE SPRINGS, FLORIDA
Combining Balance Sheet – Non-Major Governmental Funds
as of September 30, 2023

	Special Revenue Funds			Capital Project Funds		
	Disaster Recovery Fund	Building Permit Fund	Special Law Enforcement Fund	General General Capital Improvement Fund	Spring Park Capital Improvement Fund	Total Nonmajor Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	$ -	$ 176,469	$ 4,093	$ -	$ -	$ 180,562
TOTAL ASSETS	$ -	$ 176,469	$ 4,093	$ -	$ -	$ 180,562
LIABILITIES						
Accounts payable	-	1,518	-	-	-	1,518
Accrued payroll	-	5,849	-	-	-	5,849
Due to other governments	-	3,378	-	-	-	3,378
TOTAL LIABILITIES	-	10,745	-	-	-	10,745
Restricted for:						
Building code enforcement	-	165,724	-	-	-	165,724
Law enforcement expenditures	-	-	4,093	-	-	4,093
TOTAL FUND BALANCES	-	165,724	4,093	-	-	169,817
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ -	$ 176,469	$ 4,093	$ -	$ -	$ 180,562

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
for the year ended September 30, 2023

	Special Revenue Funds			Capital Project Funds		
	Disaster Recovery Fund	Building Permit Fund	Special Law Enforcement Fund	General General Capital Improvement Fund	Spring Park Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES:						
Licenses and permits	$ -	$ 166,850	$ -	$ -	$ -	$ 166,850
Total revenues	-	166,850	-	-	-	166,850
EXPENDITURES:						
Public safety	-	377,592	21,521	-	-	399,113
Capital outlay	-	1,963	-	-	-	1,963
Debt service	-	-	-	160,438	81,445	241,883
Total expenditures	-	379,555	21,521	160,438	81,445	642,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(212,705)	(21,521)	(160,438)	(81,445)	(476,109)
OTHER FINANCING SOURCES (USES)						
Transfers in	149,482	-	-	133,272	81,445	364,199
Transfers (out)	-	-	-	-	(649,828)	(649,828)
TOTAL OTHER FINANCING SOURCES	149,482	-	-	133,272	(568,383)	(285,629)
NET CHANGE IN FUND BALANCE	149,482	(212,705)	(21,521)	(27,166)	(649,828)	(761,738)
FUND BALANCE, previously reported	(88,207)	378,429	25,614	27,166	649,828	992,830
Restatement (Note 16)	(61,275)	-	-	-	-	(61,275)
FUND BALANCE, beginning of year as restated	(149,482)	378,429	25,614	27,166	649,828	931,555
FUND BALANCE, end of year	$ -	$ 165,724	$ 4,093	$ -	$ -	$ 169,817

CITY OF GREEN COVE SPRINGS, FLORIDA
Combining Statement of Net Position– Non-Major Enterprise Funds
for the year ended September 30, 2023

	Business Type Activities - Non-Major Enterprise Funds		
	Solid Waste Fund	Stormwater Fund	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	$ 337,965	$ 998,633	$ 1,336,598
Receivables:			
Customers, net	62,087	100,646	162,733
Total current assets	400,052	1,099,279	1,499,331
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	62,890	62,890
Depreciable, net	215,764	708,202	923,966
Total noncurrent assets	215,764	771,092	986,856
Total assets	615,816	1,870,371	2,486,187
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	119,709	27,371	147,080
LIABILITIES			
Current liabilities:			
Accounts payable	1,851	26,550	28,401
Due to other governments	-	50,625	50,625
Accrued wages	10,949	2,369	13,318
Compensated absences	34,430	1,062	35,492
Bonds and notes payable, current	53,186	-	53,186
Total current liabilities	100,416	80,606	181,022
Noncurrent liabilities:			
Customer deposits	46,281	150	46,431
Compensated absences	80,337	2,476	82,813
Post employment obligation payable	32,566	6,169	38,735
Net pension liability	368,102	84,166	452,268
Bonds and notes payable, noncurrent portion	55,443	-	55,443
Total noncurrent liabilities	582,729	92,961	675,690
Total liabilities	683,145	173,567	856,712
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	12,421	2,840	15,261
Deferred inflows related to OPEB	12,321	2,334	14,655
Total deferred inflows of resources	24,742	5,174	29,916
NET POSITION			
Net investment in capital assets	107,135	771,092	878,227
Unrestricted	(79,497)	947,909	868,412
Total net position	$ 27,638	$ 1,719,001	$ 1,746,639

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position– Non-Major Enterprise Funds
for the year ended September 30, 2023

	Business Type Activities - Non-Major Enterprise Funds		
	Solid Waste Fund	Stormwater Fund	Total
OPERATING REVENUES:			
Charges for services	$ 877,653	$ 696,494	$ 1,574,147
Total operating income	877,653	696,494	1,574,147
OPERATING EXPENSES:			
Personnel services	761,276	156,842	918,118
Operating expenses	305,628	167,344	472,972
Depreciation	73,117	111,959	185,076
Total operating expenses	1,140,021	436,145	1,576,166
OPERATING INCOME (LOSS)	(262,368)	260,349	(2,019)
NONOPERATING REVENUE (EXPENSE)			
Investment revenue	15,316	-	15,316
Interest expense	(6,152)	-	(6,152)
Other, net	4,766	-	4,766
Total nonoperating revenues (expense)	13,930	-	13,930
INCOME BEFORE CONTRIBUTIONS	(248,438)	260,349	11,911
CAPITAL CONTRIBUTIONS			
Capital grants and contributions	-	74,238	74,238
Total capital contributions	-	74,238	74,238
TRANSFERS IN (OUT)	(20,000)	-	(20,000)
CHANGE IN NET POSITION	(268,438)	334,587	66,149
NET POSITION, beginning of year	320,105	1,514,716	1,834,821
Restatement (Note 16)	(24,029)	(130,302)	(154,331)
NET POSITION, beginning of year, as restated	296,076	1,384,414	1,680,490
NET POSITION, end of year	$ 27,638	$ 1,719,001	$ 1,746,639

CITY OF GREEN COVE SPRINGS, FLORIDA
Combining Statement of Cash Flows– Non-Major Enterprise Funds
for the year ended September 30, 2023

	Business Type Activities - Non-Major Enterprise Funds		
	Solid Waste Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 887,174	$ 622,793	$ 1,509,967
Payments to suppliers	(309,774)	(164,753)	(474,527)
Payments for salaries and benefits	(607,708)	(127,159)	(734,867)
Net cash flows from operating activities	(30,308)	330,881	300,573
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(20,000)	-	(20,000)
Increase (decrease) in deposits	(1,514)	150	(1,364)
Net cash flows from noncapital financing activities	(21,514)	150	(21,364)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets, net of related payables	-	(245,425)	(245,425)
Principal paid on notes, bonds and lease obligations	(51,024)	-	(51,024)
Interest paid on borrowings and other debt costs	(6,152)	-	(6,152)
Capital contributions and impact fees received, net of change in related receivables	-	74,238	74,238
Net cash flows from capital and related financing activities	(57,176)	(171,187)	(228,363)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on invested funds	15,316	-	15,316
Other income	4,766	-	4,766
Net cash flows from investing activities	20,082	-	20,082
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(88,916)	159,844	70,928
CASH AND CASH EQUIVALENTS, beginning of year	426,881	838,789	1,265,670
CASH AND CASH EQUIVALENTS, end of year	$ 337,965	$ 998,633	$ 1,336,598
As shown in the Accompanying Financial Statements			
Equity in cash and investments	$ 337,965	$ 998,633	$ 1,336,598
Total cash and cash equivalents	$ 337,965	$ 998,633	$ 1,336,598
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (262,368)	$ 260,349	$ (2,019)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	73,117	111,959	185,076
(Increase) decrease in inventory and prepaids	14	-	14
(Increase) decrease in accounts receivable	9,521	(73,701)	(64,180)
Increase (decrease) in accounts payable	(4,160)	2,591	(1,569)
Increase (decrease) in accrued wages and compensated absences	32,473	3,608	36,081
Increase (decrease) in the total OPEB liability	8,632	1,886	10,518
Increase (decrease) in OPEB related deferred inflows	1,790	450	2,240
(Increase) decrease in pension related deferred outflows	(29,686)	(5,848)	(35,534)
Increase (decrease) in the net pension liability	140,699	29,797	170,496
Increase (decrease) in pension related deferred inflows	(340)	(210)	(550)
Net cash flows from operating activities	$ (30,308)	$ 330,881	$ 300,573

GOVERNMENT AUDITING SECTION

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance
for the year ended September 30, 2023

FEDERAL PROGRAMS:

Federal Grants Funding Source and Grant Program	AL#	Contract/Grant Identification	Total Expenditures
U.S Department of Transportation:			
Passed through the Florida Department of Transportation			
Highway Planning and Construction	20.205	D221-019-B	$ 1,445,026
Total U.S Department of Transportation			1,445,026
U.S. Department of Justice			
Passed through:			
Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant	16.738	15{BJA-21-GG-00241-MUMU	44,246
Total U.S. Department of Justice			44,246
U.S. Department of Treasury			
Passed through State of Florida Division of Emergency Management			
Flood Mitigation Assistance	97.039	4283-55-A	42,277
Flood Mitigation Assistance	97.039	FEMA-DR-4673-FL	119,411
Total Flood Mitigation Assistance			161,688
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5097	816,279
Total U.S Department of Treasury			977,967
Total Expenditures of Federal Awards			$ 2,467,239

Continued…

STATE PROGRAMS:

Funding Source and Grant Program	CSFA#	Contract/Grant Identification	Total Expenditures
State of Florida Department of Environmental Protection			
Direct programs:			
Wastewater Treatment Facility Construction - Loan	37.077	CW100420	$ 1,718,998
Statewide Water Quality Restoration Projects	37.039	LPA0295	74,238
Grants and Aids to Local Governments and Nonstate entities			
Fixed Capital Outlay Local Parks	37.085	L2101	142,399
Total State of Florida Department of Environmental Protection			1,935,635
Total Expenditures of State Financial Assistance			$ 1,935,635

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance included herein represents the activities of all federal and state financial grant activity of the City of Green Cove Springs, Florida (the City).

Federal awards and state financial assistance received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2023, the City had no subrecipients and therefore did not pass any federal awards or state financial assistance through to other government agencies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 220, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards Subpart F,* Chapter 69I.5*, Schedule of Expenditures of State Financial Assistance,* Rules of the Florida Department of Financial Services; and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the City.

Basis of Accounting – The expenditures in the accounting schedule of expenditures of federal and state financial assistance are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis, as described in Note 1 to the City's financial statements.

NOTE 3 – INDIRECT COST

The City currently does not have a negotiated indirect cost rate for federal awards received. The City has also elected not to charge the de minimis indirect cost rate of 10% allowed by §200.141, Indirect (F&A) costs, of the Uniform Guidance, to all federal awards.

NOTE 4 - CONTINGENCIES

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies because of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations. Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such reviews potentially may result in disallowed expenditures.

NOTE 5 – NON-CASH CONTRIBUTIONS

The City did not receive any federal or state non-cash assistance, including personal protection equipment for the fiscal year ended September 30, 2023.

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

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003, that we considered to be significant deficiencies.

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 an instance of non-compliance or other matters which is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-004.

The City's Response to Findings

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

Purpose of this Report

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

Purvis Gray

June 13, 2024
Gainesville, Florida

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

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

Report on Compliance for Each Major Federal Program/State Project

Opinion on Each Major Federal Program/State Project

We have audited the City of Green Cove Springs, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2023. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program/State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.500, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* the Uniform Guidance, and Chapter 10.550, will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-005 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

June 13, 2024
Gainesville, Florida

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Part A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	Yes

Federal Awards and State Financial Assistance Projects

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of Auditor's Report Issued on Compliance for Major Programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557 for local government entities?	Yes

Identification of Major Programs/Projects:

Federal Program or Cluster

U.S. Department of the Treasury	
Passed Through State of Florida Division of Emergency Management	
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	
American Rescue Plan Act	AL No. 21.027
U.S. Department of Transportation	
Passed Through State of Florida Department of Transportation	
Highway Planning and Construction	AL No. 20.205

State Financial Assistance Projects

Florida Department of Environmental Protection	
Wastewater Treatment Facility Construction	CSFA No. 37.077
Dollar threshold used to distinguish between Type A and Type B programs - Federal Programs:	$750,000
Dollar threshold used to distinguish between Type A and Type B programs - State Projects:	$580,691
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	No

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

PART B - FINDINGS - FINANCIAL STATEMENT AUDIT

2023-001 – Journal Entries – Review and Approval – *(Significant Deficiency)*

Criteria - Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Condition - During our audit, we selected a sample of 25 journal entries to test for proper support and approval. We noted that 20 of the 25 journal entries tested were posted without documentation of a secondary review or approval.

Effect - Lack of a review of manual journal entries could result in erroneous or fraudulent entries that are not prevented or detected and corrected on a timely basis.

Recommendation - We recommend that all manual journal entries be reviewed by someone in management other than the person who created the entry prior to it being posted to the general ledger. We also recommend that this documentation be retained in a manner that is easy to locate and retrieve for audit documentation.

2023-002 – Bank Reconciliations – Review and Segregation of Duties – *(Significant Deficiency)*

Criteria - Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Condition - During our audit, we noted that most of the bank reconciliations we reviewed were completed by the interim Finance Director. Individuals who are involved in posting journal entries to the general ledger should not be involved in the preparation of bank reconciliations. In addition, we noted at least one instance where the bank reconciliation was not signed off by the preparer. It was also noted that there was no documentation of a secondary review.

Effect - Lack of review/approval and inadequate segregation of duties could result in errors or fraud that are not prevented, or detected and corrected, on a timely basis.

Recommendation - We recommend that an individual who has appropriate segregation of duties prepare the bank reconciliation and that documentation of a secondary review be performed.

2023-003 – Utility Billing Adjustment Review – *(Significant Deficiency)*

Criteria - Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Condition - During our audit, we noted that beginning in January 2023 due to the departure of the Finance Director, the utility billing manager was able to initiate adjustments without a secondary review.

Effect - Lack of secondary review increases the risk of errors or fraudulent activities not being prevented, or detected and corrected, on a timely basis.

Recommendation - We recommend that the City reinstitute secondary approvals on utility billing adjustments.

2023-004 – Debt Compliance

Criteria - The City's various debt agreements require the City to fix, establish, and maintain such rates and collect such fees, rentals, and charges for services of the systems and revise from time to time, whenever necessary for the net revenues to equal 120% of the principal and interest payable from net revenues.

Condition - The City failed to establish and collect fees necessary for the City's electric and water systems to meet the coverage ratios of 120% for the Electric Utility Revenue Note, Series 2021 and the Water System Revenue Note, Series 2019.

Effect - The City is not in compliance with the debt coverage ratios for the Electric Utility Revenue Note, Series 2021 and the Water System Revenue Note, Series 2019.

Recommendation - We recommend that the City considers increasing rates, decreasing expenditures, or a combination of the two in order to meet the debt coverage ratios.

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

2023-005 – ALN 21.027 – Coronavirus and Local Fiscal Recovery Funds – Procurement, Suspension, and Debarment: Lack of Controls for Suspension and Debarment (Significant Deficiency) – (Repeat Comment)

Criteria - According to the Coronavirus State and Local Recover Funds (CSLRF) Final Rule, Suspension and Debarment is covered under CFR 200.214 in Subpart C, which is fully applicable under the revenue replacement method. As such, suspension and debarment should be evaluated and documented for all non-payroll expenditures under the program.

Condition - During our testing, it was noted that 6 of 6 of the vendor selections tested for this program did not have suspension and debarment evaluated or documented prior to the purchase. In addition, there was no formal control policy for the City to evaluate and document suspension and debarment for expenditures in this program.

Cause - The City was unaware of this requirement applied to CSLRF funding under the revenue replacement method and, due to the timing of the previous audit, did not correct this issue for fiscal year 2023.

Effect - By not evaluating suspension and debarment for the expenditures of this program, expenditures could be made that do not comply with the program requirements for suspension and debarment.

Recommendation - We recommend that suspension and debarment be evaluated and documented for all expenditures made for this program and that a formal control policy for suspension and debarment be considered for such purchases.

PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

None

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

PART E – SCHEDULE OF PRIOR AUDIT FINDINGS

2022-001 – Reconciliation of Account Balances - corrective action was taken.

2022-002 ALN 21.027 – Procurement, Suspension, and Debarment - corrective action was not taken (See 2023-005).

PART F - See Management's Response to Findings and Recommendations, as listed in the table of contents.

PURVIS GRAY

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH FLORIDA STATUTE SECTION 218.415 - INVESTMENTS OF PUBLIC FUNDS

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

We have examined the City of Green Cove Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the 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 non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2023. We did note an issue with the investment continuing professional education (CPE) requirement in Florida Statute 218.415, which we have reported as finding 2023-008 in the accompanying Management Letter.

This report 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, the Honorable Mayor and Members of the City Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

June 13, 2024
Gainesville, Florida

PURVIS GRAY

MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Green Cove Springs, Florida (the City) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 13, 2024.

Auditor's Responsibility
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements
We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 13, 2024, 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. All prior audit findings were corrected except for 2022-002 (2023-005 current year) as noted on the schedule of findings and questioned costs.

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

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

MANAGEMENT LETTER

Financial Condition and Management
Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific 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 do have the following recommendation.

2023-006 – Electric and Water Utility Profitability

Condition: For the fiscal year ended September 30, 2023, we noted that the City's electric fund and water fund posted significant operating losses (prior to transfers out) of ($1,484,236) and ($775,467), respectively. Business-type activities should be designed to adequately cover the cost of operations. Typically, electric and water utilities are some of the more profitable business-type activities for a municipality.

Recommendation: We recommend that the City performs an analysis of their current rates and rate structure and make any changes deemed necessary.

2023-007 – General Fund Unassigned Fund Balance Deficit

Condition: At September 30, 2023, the City's General Fund had an unassigned fund balance deficit of ($1,574,839). The Government Finance Officers Association recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or regular General Fund operating expenditures. It is important for the City to have adequate reserves on hand to respond to unexpected events such as economic disruptions or severe weather.

Recommendation: We recommend the City develop a General Fund minimum fund balance policy and make the necessary changes in order to accumulate funds for the reserve, such as raising additional revenues, decreasing expenditures, or a combination of both.

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

The Honorable Mayor and
Members of the City Commission
City of Green Cove Springs
Green Cove Springs, Florida

MANAGEMENT LETTER

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 non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did have the following finding:

2023-008 – Documentation of Investment CPE

Condition: Florida Statute 218.415 requires local government officials responsible for making investment decisions or the Chief Financial Officer to annually complete 8 hours of continuing professional education (CPE) in subjects or courses of study related to investment practices and products. The CPE provided did not appear to specifically apply to investment practices and products.

Recommendation: We recommend that the City obtains 8 hours of CPE that is specifically related to investment practices and products.

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

We would like to take this opportunity to express our appreciation for the professionalism and courtesies which were extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

Purvis Gray

June 13, 2024
Gainesville, Florida



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MANAGEMENT RESPONSE LETTER

City of Green Cove Springs Florida

City of Green Cove Springs
Phone: (904) 297-7500
321 Walnut Street
Fax: (904) 284-2718
Green Cove Springs, Florida 32043
www.greencovesprings.com

June 13, 2024

Honorable Sherrill F. Norman, CPA
Auditor General
Claude Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Pursuant to the provisions of Section 218.39(6) Florida Statutes, the following are the responses to the audit of the City of Green Cove Springs conducted by Purvis, Gray & Company, CPAs for the period October 1, 2022 to September 30, 2023.

2023-001 – Journal Entries – Review and Approval – *(Significant Deficiency)*

Criteria - Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Condition - During our audit, we selected a sample of 25 journal entries to test for proper support and approval. We noted that 20 of the 25 journal entries tested were posted without documentation of a secondary review or approval.

Effect - Lack of a review of manual journal entries could result in erroneous or fraudulent entries that are not prevented or detected and corrected on a timely basis.

Recommendation - We recommend that all manual journal entries be reviewed by someone in management other than the person who created the entry prior to it being posted to the general ledger. We also recommend that this documentation be retained in a manner that is easy to locate and retrieve for audit documentation.

Management's Response - This has been corrected. When the new Finance Director was hired in March 2024, the process of reviewing and approving journal entries before they are posted in the Financial System was implemented. Finance Director, Assistant Finance Director, Customer Services Manager or Utilities Billing Manager reviews and approves journal entries before posting. All journal entries along with documentation including review and approval are filed by month for easy retrieval.

2023-002 – Bank Reconciliations – Review and Segregation of Duties – *(Significant Deficiency)*

Criteria - Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Condition - During our audit, we noted that most of the bank reconciliations we reviewed were completed by the interim Finance Director. Individuals who are involved in posting journal entries to the general ledger should not be involved in the preparation of bank reconciliations. In addition, we noted at least one instance where the bank reconciliation was not signed off by the preparer. It was also noted that there was no documentation of a secondary review.

Effect - Lack of review/approval and inadequate segregation of duties could result in errors or fraud that are not prevented, or detected and corrected, on a timely basis.

Recommendation - We recommend that an individual who has appropriate segregation of duties prepare the bank reconciliation and that documentation of a secondary review be performed.

Management's Response - This has been partially corrected. Senior Accountant and/or the Assistant Finance Director perform bank reconciliations, and the Finance Director reviews and approves the reconciliations.

2023-003 – Utility Billing Adjustment Review – *(Significant Deficiency)*

Criteria - Proper internal control over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Condition - During our audit, we noted that beginning in January 2023 due to the departure of the Finance Director, the utility billing manager was able to initiate adjustments without a secondary review.

Effect - Lack of secondary review increases the risk of errors or fraudulent activities not being prevented, or detected and corrected, on a timely basis.

Recommendation - We recommend that the City reinstitute secondary approvals on utility billing adjustments.

Management's Response - This has been corrected. When the new Finance Director was hired in March 2024, the process of reviewing and approving utility billing adjustment was re-implemented. Utility Billing Manager or the Billing Assistant initiates the billing adjustments, and the Finance Director reviews and approves the adjustments.

2023-004 – Debt Compliance

Criteria - The City's various debt agreements require the City to fix, establish, and maintain such rates and collect such fees, rentals, and charges for services of the systems and revise from time to time, whenever necessary for the net revenues to equal 120% of the principal and interest payable from net revenues.

Condition - The City failed to establish and collect fees necessary for the City's electric and water systems to meet the coverage ratios of 120% for the Electric Utility Revenue Note, Series 2021 and the Water System Revenue Note, Series 2019.

Effect - The City is not in compliance with the debt coverage ratios for the Electric Utility Revenue Note, Series 2021 and the Water System Revenue Note, Series 2019.

Recommendation - We recommend that the City considers increasing rates, decreasing expenditures, or a combination of the two in order to meet the debt coverage ratios.

Management's Response - This has been addressed. Future budget assumptions will be reviewed more conservatively on the revenue side to make sure that the coverage will be assured even with a 10% reduction in Net Revenues. The expenditures will likewise be reviewed monthly by the City Manager and Assistant City Manager to maintain sufficient resources to remain compliant with our Debt Agreements. We will also be reviewing Transfer Policy application to adjust transfers to profitability and not fixed amounts. In addition, the City conducts periodic rate studies of the utilities per best practice, and the results of these studies are incorporated in the budget for consideration by the Council.

2023-005 – ALN 21.027 – Coronavirus and Local Fiscal Recovery Funds – Procurement, Suspension, and Debarment: Lack of Controls for Suspension and Debarment (Significant Deficiency) – (Repeat Comment)

Criteria - According to the Coronavirus State and Local Recover Funds (CSLRF) Final Rule, Suspension and Debarment is covered under CFR 200.214 in Subpart C, which is fully applicable under the revenue replacement method. As such, suspension and debarment should be evaluated and documented for all non-payroll expenditures under the program.

Condition - During our testing, it was noted that 6 of 6 of the vendor selections tested for this program did not have suspension and debarment evaluated or documented prior to the purchase. In addition, there was no formal control policy for the City to evaluate and document suspension and debarment for expenditures in this program.

Cause - The City was unaware of this requirement applied to CSLRF funding under the revenue replacement method and, due to the timing of the previous audit, did not correct this issue for fiscal year 2023.

Effect - By not evaluating suspension and debarment for the expenditures of this program, expenditures could be made that do not comply with the program requirements for suspension and debarment.

Recommendation - We recommend that suspension and debarment be evaluated and documented for all expenditures made for this program and that a formal control policy for suspension and debarment be considered for such purchases.

Management's Response - This has been corrected. The City Council approved an amendment to the City's Purchasing Policies and Procedures Manual at their May 6, 2024 meeting to add a suspension and debarment certification requirement for all formal procurement processes. Vendors selected via the formal bid process (over $25,000) are required to submit the signed suspension and debarment certification.

2023-006 – Electric and Water Utility Profitability

Condition: For the fiscal year ended September 30, 2023, we noted that the City's electric fund and water fund posted significant operating losses (prior to transfers out) of ($1,484,236) and ($775,467), respectively. Business-type activities should be designed to adequately cover the cost of operations. Typically, electric and water utilities are some of the more profitable business-type activities for a municipality. The City conducts periodic rate studies of the utilities per best practice, and the results of these studies are incorporated in the budget for consideration by the Council.

Recommendation: We recommend that the City performs an analysis of their current rates and rate structure and make any changes deemed necessary.

Management's Response - This has been addressed. We will confirm assumptions made with Budgeted Revenues to assure that we have all related factors considered in projecting Electric and Water Revenues each budget cycle. We will also be more conservative in projecting when certain planned/known loads will hit our ledgers. We will also be reviewing Transfer Policy application to adjust transfers to profitability and not fixed amounts.

2023-007 – General Fund Unassigned Fund Balance Deficit

Condition: At September 30, 2023, the City's General Fund had an unassigned fund balance deficit of ($1,574,839). The Government Finance Officers Association recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or regular General Fund operating expenditures. It is important for the City to have adequate reserves on hand to respond to unexpected events such as economic disruptions or severe weather.

Recommendation: We recommend the City develop a General Fund minimum fund balance policy and make the necessary changes in order to accumulate funds for the reserve, such as raising additional revenues, decreasing expenditures, or a combination of both.

Management's Response - We will incorporate plans in our budget to restore the fund balance to the required level per the City's fund balance policy. A designated amount to cover the deficiency over the next five (5) years, known as a "contribution to fund balance', will be established in the budget. This will be accomplished by reducing expenditure and/or increasing revenue.

2023-008 – Documentation of Investment CPE

Condition: Florida Statute 218.415 requires local government officials responsible for making investment decisions or the Chief Financial Officer to annually complete 8 hours of continuing professional education (CPE) in subjects or courses of study related to investment practices and products. The CPE provided did not appear to specifically apply to investment practices and products.

Recommendation: We recommend that the City obtains 8 hours of CPE that is specifically related to investment practices and products.

Management's Response - The City will implement this recommendation. Finance Director and the Assistant Finance Director will obtain 8 hours of CPE specifically related to investment practices and products.