

CITY OF HIGH SPRINGS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023



**CITY OF HIGH SPRINGS, FLORIDA
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SEPTEMBER 30, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of High 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.

Unmodified Opinions on the General Fund, Fire Control Fund, Downtown Development Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the general fund, fire control fund, downtown development fund, and 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.

Qualified Opinion on the Governmental Activities, Business-Type Activities, Water Fund, Solid Waste Fund, and Sewer Fund

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund 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 (GAAS) 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 Auditors' 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 other 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.

Basis for Qualified Opinions the Governmental Activities, Business-Type Activities, Water Fund, Solid Waste Fund, and Sewer Fund

As discussed in Note (10) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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.

Auditors' 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 auditors' 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for 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 GAAS and GAS, 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 of 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial 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 financial statements. The schedule of expenditures of state financial assistance as required by the audit requirements of Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the information is 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 our report dated June 16, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Gainesville, Florida
June 16, 2025

**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

MDAAs management of the City of High Springs, Florida, we offer readers of the City of High Springs, Florida's financial statements this narrative overview and analysis of the financial activities of the City of High Springs, Florida for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of High Springs, Florida's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of High Springs, Florida is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of High Springs, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of High Springs, Florida include general government, public safety, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City of High Springs, Florida include water, solid waste, and sewer operations.

The government-wide financial statements can be found on pages 14 – 15 of this report.

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

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

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 government'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 of High Springs, Florida maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, fire control fund, and downtown development fund which are all considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this financial statement reporting package.

The City of High Springs, Florida adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and major special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 – 21 of this report.

Proprietary funds. The City of High Springs, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of High Springs, Florida uses enterprise funds to account for its water, solid waste, and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, solid waste, and sewer operation, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 22 – 24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of fiduciary funds are not available to support the City of High Springs, Florida's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement can be found on pages 25 – 26 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 to the financial statements can be found on pages 27 – 44 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of High Springs, Florida, assets and deferred outflows of resources exceeded liabilities by \$19,449,815 at the close of the most recent fiscal year.

By far the largest portion of the City of High Springs, Florida's net position (86 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of High Springs, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of High Springs, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of High Springs, Florida's Condensed Statement of Net Position

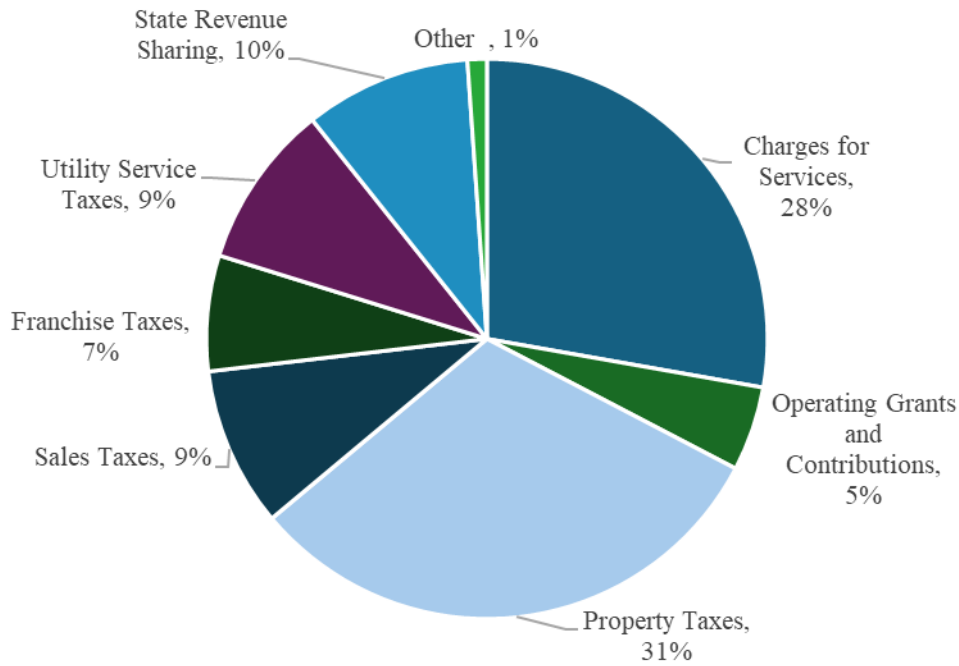
	2023	2022	2023	2022	2023	2022
Current and other assets	5,420,842	6,870,209	1,106,418	5,219,310	6,527,260	12,089,519
Capital assets	8,055,883	7,415,778	22,577,363	18,529,601	30,633,246	25,945,379
	13,476,725	14,285,987	23,683,781	23,748,911	37,160,506	38,034,898
Total deferred outflows of resources	2,576,454	1,411,926	204,425	100,265	2,780,879	1,512,191
Long-term liabilities outstanding	9,978,722	7,569,708	10,689,509	10,623,056	20,668,231	18,192,764
Other liabilities	775,490	572,194	753,335	1,118,882	1,528,825	1,691,076
Total liabilities	10,754,212	8,141,902	11,442,844	11,741,938	22,197,056	19,883,840
Total deferred inflows of resources	179,375	189,098	14,232	13,428	193,607	202,526
Net position:						
Net investment in capital assets	5,833,870	5,167,551	12,497,889	11,492,201	18,331,759	16,659,752
Restricted	993,864	1,482,530	1,327,499	1,301,876	2,321,363	2,784,406
Unrestricted	(1,708,142)	716,832	(1,394,258)	(700,267)	(3,102,400)	16,565
Total net position	5,119,592	7,366,913	12,431,130	12,093,810	17,550,722	19,460,723

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

An additional portion of the City of High Springs, Florida's net position (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$716,832 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. In the prior year, governmental activities increased the City of High Springs, Florida's net position by \$2,213,437 due mainly to ARPA funds recognized. In fiscal year 2023, spending of the ARPA funds for one-time expenses reduced the available funds to \$1,492,721 at September 30.

Revenues by Source
Governmental Activities

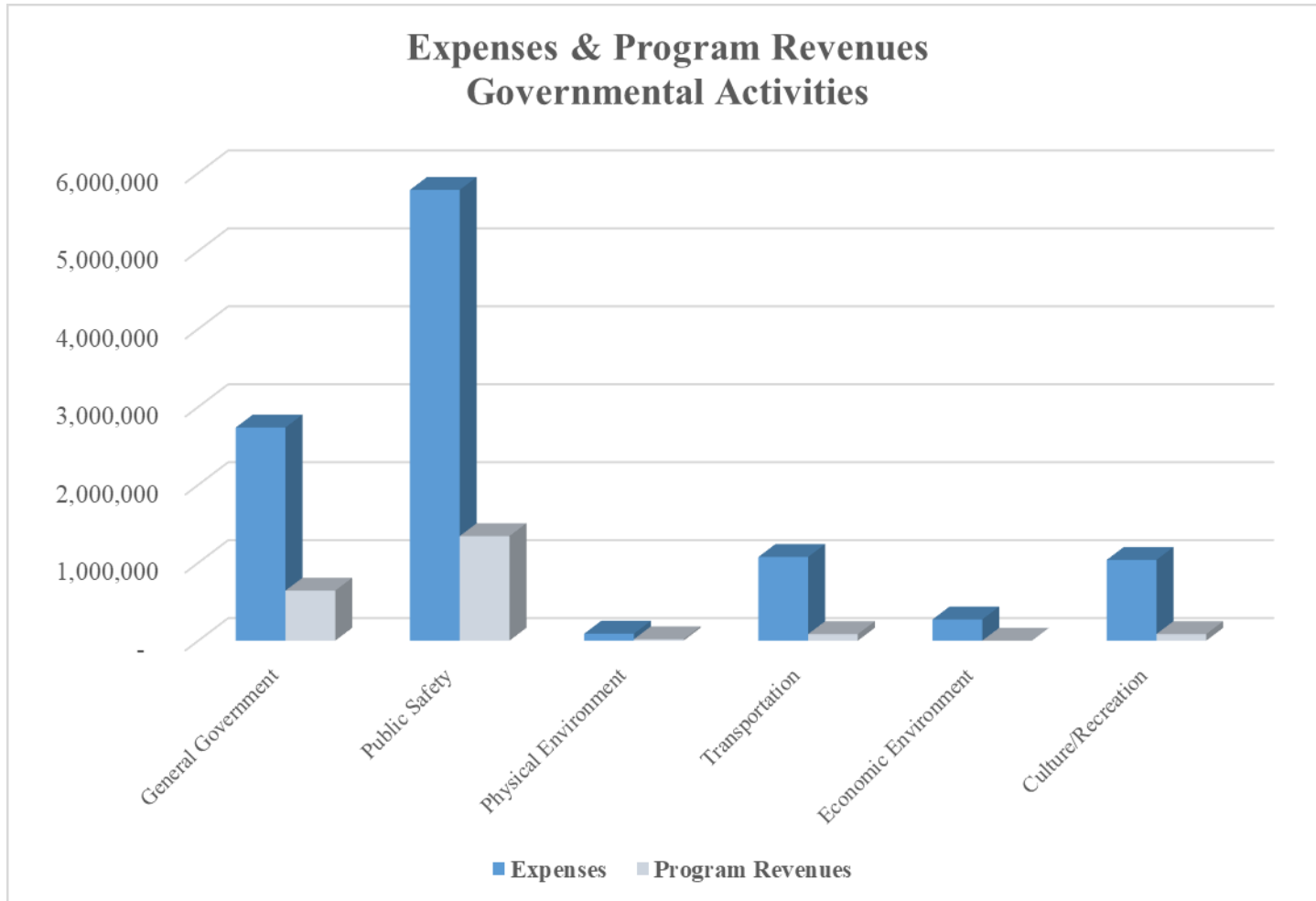


CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

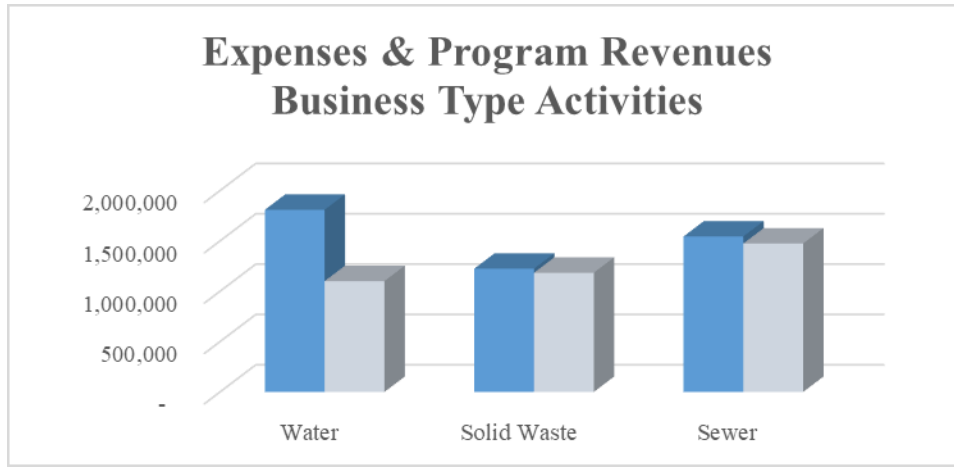
City of High Springs, Florida's Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,168,795	\$ 1,837,016	\$ 3,759,234	\$ 3,771,346	\$ 5,928,029	\$ 5,608,362
Operating grants and contributions	381,294	3,443,438	-	-	\$ 381,294	3,443,438
Capital grants and contributions	-	15,126	1,999,058	573,497	\$ 1,999,058	588,623
General revenues:						
Property taxes	2,438,760	2,183,697	-	-	\$ 2,438,760	2,183,697
Other taxes	2,729,759	2,454,572	-	-	\$ 2,729,759	2,454,572
Other	87,060	73,930	88,849	24,005	\$ 175,909	97,935
Total revenues	7,805,668	10,007,779	5,847,141	4,368,848	13,652,809	14,376,627
Expenses:						
General government	2,734,120	2,606,158	-	-	2,734,120	2,606,158
Public safety	5,782,136	4,122,362	-	-	5,782,136	4,122,362
Physical environment	88,404	81,653	-	-	88,404	81,653
Transportation	1,072,918	817,388	-	-	1,072,918	817,388
Economic environment	271,886	284,245	-	-	271,886	284,245
Culture and recreation	1,035,594	814,605	-	-	1,035,594	814,605
Water	-	-	1,809,438	914,576	1,809,438	914,576
Solid waste	-	-	1,223,996	811,821	1,223,996	811,821
Sewer	-	-	1,544,318	1,780,404	1,544,318	1,780,404
Total expenses	10,985,058	8,726,411	4,577,752	3,506,801	15,562,810	12,233,212
Increase (decrease) in Net position before transfers	(3,179,390)	1,281,368	1,269,389	862,047	(1,910,001)	2,143,415
Transfers	932,069	1,266,086	(932,069)	(1,255,178)	-	10,908
Increase (decrease) in Net position	(2,247,321)	2,547,454	337,320	(393,131)	(1,910,001)	2,154,323
Net position, beginning of year	7,366,913	4,819,459	12,093,810	12,486,941	19,460,723	17,306,400
Net position, end of year	\$ 5,119,592	\$ 7,366,913	\$ 12,431,130	\$ 12,093,810	\$ 17,550,722	\$ 19,460,723

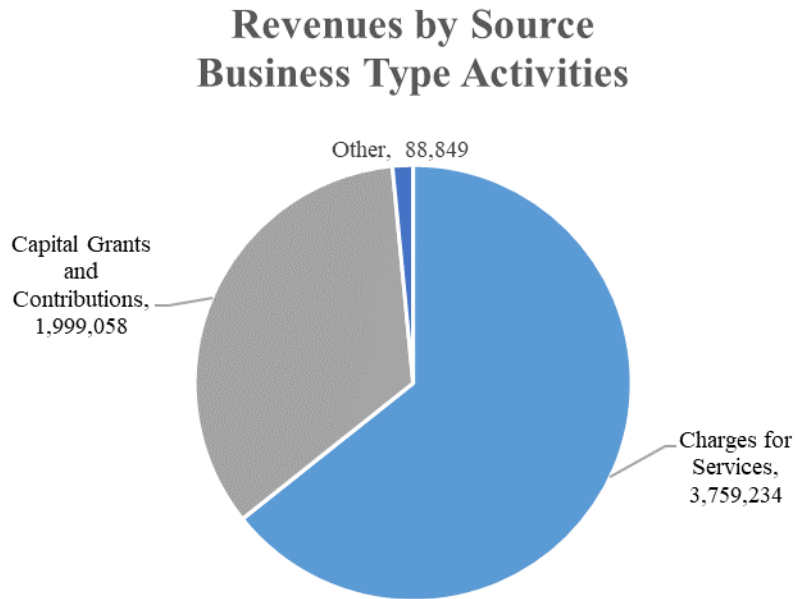
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)



**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)**



Business-type activities. Business-type activities increased the City of High Springs, Florida's net position by \$337,320 due to an increase in investment in capital assets.



CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of High Springs, Florida'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 of High Springs, Florida'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.

As of the end of the current fiscal year, the City of High Springs, Florida's governmental funds reported combined ending fund balances of \$5,963,998. Approximately 38 percent of this total amount \$2,236,280 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it has already been committed for prepaid expenses, assessments, capital projects, debt service, public safety, physical environment, transportation, economic environment, or culture/recreation expenditures.

The general fund is the chief operating fund of the City of High Springs, Florida. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,491,276. As a measure of the general fund's liquidity, it may be useful to compare assigned and unassigned fund balance to total fund expenditures, which represents 55 percent of total general fund expenditures.

The fund balance of the City of High Springs, Florida's general fund decreased by \$2,247,321 during the current fiscal year due mainly to use of ARPA revenue received and recognized in prior year for one-time city projects not related to recurring revenues that the City could rely on in the future.

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

Unrestricted net position of the Water, Solid Waste, and Sewer funds at the end of the year amounted to \$40,598, \$(43,672), and \$(1,391,184), respectively. The increases in net position for the Water, Solid Waste and Sewer funds were \$(923,053), \$(486,063), and \$1,746,436, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of High Springs, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of High Springs, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2023 amounts to \$30,633,246 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, park facilities and roads. The total increase in the City of High Springs, Florida's investment in capital assets for the current fiscal year was \$4,687,867.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Major capital asset events during the current fiscal year included the following:

- Completion of Well #3 in the Water System
- Commencement of construction on new Wastewater Treatment Plant and Infiltrative Wetlands
- Commencement of installation of AMI (Automated metering infrastructure) in the Water System
- Body Worn Cameras
- Five Lift Station pumps and a bypass pump for the Sewer System
- Bay Exhaust System and replacement of AC unit at Fire Station
- Replacement of over 150 grinder pumps in the Sewer System

City of High Springs, Florida's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 824,661	\$ 824,661	\$ 404,668	\$ 404,668	1,229,329	1,229,329
Construction in progress	94,854	59,335	5,669,331	2,731,329	5,764,185	2,790,664
Buildings	2,468,026	2,498,746	1,149,439	1,205,927	3,617,465	3,704,673
Improvements other than buildings	1,484,177	1,474,533	15,076,348	13,919,136	16,560,525	15,393,669
Machinery and equipment	3,184,165	2,558,503	277,577	268,541	3,461,742	2,827,044
Total	\$ 8,055,883	\$ 7,415,778	\$ 22,577,363	\$ 18,529,601	\$ 30,633,246	\$ 25,945,379

Additional information on the City of High Springs, Florida's capital assets can be found in Note 6 on pages 34 – 35 of this report.

Long-term debt. At the end of the current fiscal year, the City of High Springs, Florida had total bonded debt outstanding of \$9,854,163. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of High Springs, Florida's Outstanding Debt
Notes Payable and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Leases payable	\$ 1,771,013	\$ 1,712,227	\$ -	\$ -	\$ 1,771,013	\$ 1,712,227
Notes Payable	451,000	536,000	225,311	-	451,000	536,000
Revenue bonds	-	-	9,854,163	10,196,400	9,854,163	10,196,400
Total	\$ 2,222,013	\$ 2,248,227	10,079,474	\$ 10,196,400	\$ 12,076,176	\$ 12,444,627

Additional information on the City of High Springs, Florida's long-term debt can be found in Notes 7 and 8 on pages 36 – 38 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Economic Factors and Next Year's Budgets and Rates

- Installation of Automated Metering Infrastructure in the Water System commenced in FY23 and will provide remote meter reading, replacing over 2,700 older meters currently at various levels of functionality. This will serve to ensure proper billing for the water and sewer systems and decrease lost revenues. This project is being paid for with loan proceeds of \$2,350,000, which will be paid off in FY33.
- Construction on a second wastewater treatment plant and infiltrative wetlands commenced in FY23 and will continue through FY24 with completion in FY25. Once the new plant is online, the existing plant will be refurbished to increase capacity for future years. The Florida Department of Environmental Protection has provided grant funding for this project, which was increased to \$10,895,098 effective July 1, 2023, which will carry the project to completion.
- A Parks Master Plan is underway and will be completed in FY24 and will provide guidance for the city to intentionally and thoughtfully expand and improve the parks and open space in phases over the next ten years.
- Preliminary engineering has been done to renovate a vacant city building to create the Douglass Community Center and construction will begin in FY24.

All of these factors were considered in preparing the City of High Springs, Florida's budget for the 2023/2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of High Springs, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Jeremy Marshall, City Manager, 23718 W US Hwy 27, High Springs, Florida 32643.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,118,871	\$ -	\$ 2,118,871
Restricted cash	-	1,766,839	1,766,839
Receivables, net	783,143	1,827,618	2,610,761
Interfund balances	2,518,828	(2,518,828)	-
Inventories	-	30,789	30,789
Capital assets, not being depreciated	919,515	6,073,999	6,993,514
Capital assets, being depreciated, net	7,136,368	16,503,364	23,639,732
Total Assets	<u>\$ 13,476,725</u>	<u>\$ 23,683,781</u>	<u>\$ 37,160,506</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 2,576,454</u>	<u>\$ 204,425</u>	<u>\$ 2,780,879</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 753,317	\$ 294,975	\$ 1,048,292
Customer deposits payable	-	401,335	401,335
Accrued interest payable	-	31,785	31,785
Unearned revenue	22,173	25,240	47,413
Noncurrent liabilities:			
Due within one year			
Bonds and leases payable	334,316	417,198	751,514
Compensated absences	200,429	14,280	214,709
Due in more than one year			
Bonds and leases payable	1,887,697	9,662,276	11,549,973
Compensated absences	467,667	33,321	500,988
Net pension liability	7,088,613	562,434	7,651,047
Total Liabilities	<u>\$ 10,754,212</u>	<u>\$ 11,442,844</u>	<u>\$ 22,197,056</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 179,375</u>	<u>\$ 14,232</u>	<u>\$ 193,607</u>
NET POSITION			
Net investment in capital assets	\$ 5,833,870	\$ 12,497,889	\$ 18,331,759
Restricted for:			
Debt service	-	448,644	448,644
Capital projects	-	878,855	878,855
Transportation	134,888	-	134,888
Community redevelopment	162,534	-	162,534
Wild Spaces Public Places	403,186	-	403,186
Building department	293,256	-	293,256
Unrestricted	(1,708,142)	(1,394,258)	(3,102,400)
Total Net Position	<u>\$ 5,119,592</u>	<u>\$ 12,431,130</u>	<u>\$ 17,550,722</u>

The accompanying notes to financial statements
are an integral part of this statement.

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,734,120	\$ 641,983	\$ 20,000	\$ -	\$ (2,072,137)	\$ -	\$ (2,072,137)
Public safety	5,782,136	1,341,021	47,753	-	(4,393,362)	-	(4,393,362)
Physical environment	88,404	17,900	-	-	(70,504)	-	(70,504)
Transportation	1,072,918	83,367	308,558	-	(680,993)	-	(680,993)
Economic environment	271,886	-	-	-	(271,886)	-	(271,886)
Culture/recreation	1,035,594	84,524	4,983	-	(946,087)	-	(946,087)
Total governmental activities	<u>10,985,058</u>	<u>2,168,795</u>	<u>381,294</u>	<u>-</u>	<u>(8,434,969)</u>	<u>-</u>	<u>(8,434,969)</u>
Business-type activities:							
Water	1,809,438	1,101,086	-	210,413	-	(497,939)	(497,939)
Solid waste	1,223,996	1,183,911	-	-	-	(40,085)	(40,085)
Sewer	1,544,318	1,474,237	-	1,788,645	-	1,718,564	1,718,564
Total business-type activities	<u>4,577,752</u>	<u>3,759,234</u>	<u>-</u>	<u>1,999,058</u>	<u>-</u>	<u>1,180,540</u>	<u>1,180,540</u>
Total primary government	<u>\$ 15,562,810</u>	<u>\$ 5,928,029</u>	<u>\$ 381,294</u>	<u>\$ 1,999,058</u>	<u>(8,434,969)</u>	<u>1,180,540</u>	<u>(7,254,429)</u>
General revenues:							
Property taxes					2,438,760	-	2,438,760
Sales taxes					720,192	-	720,192
Franchise fees					521,051	-	521,051
Utility service taxes					740,204	-	740,204
Intergovernmental					748,312	-	748,312
Miscellaneous					45,284	-	45,284
Unrestricted investment earnings					41,776	88,849	130,625
Transfers					932,069	(932,069)	-
Total general revenues and transfers					<u>6,187,648</u>	<u>(843,220)</u>	<u>5,344,428</u>
Change in net position					(2,247,321)	337,320	(1,910,001)
Net position - beginning, as restated (see Note 13)					7,366,913	12,093,810	19,460,723
Net position - ending					<u>\$ 5,119,592</u>	<u>\$ 12,431,130</u>	<u>\$ 17,550,722</u>

The accompanying notes to financial statements
are an integral part of this statement.

**CITY OF HIGH SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	<u>General</u>	<u>Downtown Development Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,706,977	\$ 411,894	\$ -	\$ 2,118,871
Receivables, net	174,320	-	-	174,320
Due from other governments	596,456	-	12,367	608,823
Due from other funds	2,390,000	284,086	1,022,271	3,696,357
Total assets	<u>\$ 4,867,753</u>	<u>\$ 695,980</u>	<u>\$ 1,034,638</u>	<u>\$ 6,598,371</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 689,062	\$ 1,799	\$ 62,514	\$ 753,375
Due to other funds	129,266	531,647	516,616	1,177,529
Unearned revenue	22,115	-	-	22,115
Total liabilities	<u>840,443</u>	<u>533,446</u>	<u>579,130</u>	<u>1,953,019</u>
FUND BALANCES				
Restricted for:				
Transportation	-	-	134,888	134,888
Community redevelopment	-	162,534	-	162,534
Wild Spaces Public Places	-	-	403,186	403,186
Building department	-	-	293,256	293,256
Committed to:				
Cemetery	-	-	227,975	227,975
Assigned to:				
ARPA Transition Projects	1,492,721	-	-	1,492,721
Subsequent year's budget	134,978	-	-	134,978
Unassigned	2,399,611	-	(603,797)	1,795,814
Total fund balances	<u>4,027,310</u>	<u>162,534</u>	<u>455,508</u>	<u>4,645,352</u>
Total liabilities and fund balances	<u>\$ 4,867,753</u>	<u>\$ 695,980</u>	<u>\$ 1,034,638</u>	<u>\$ 6,598,371</u>

The accompanying notes to financial statements
are an integral part of this statement.

**CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balances - total governmental funds		\$ 4,645,352
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Total governmental capital assets	18,874,841	
Less: Accumulated depreciation	<u>(10,818,958)</u>	8,055,883
<p>On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.</p>		
Net pension liability	(7,088,613)	
Deferred outflows related to pensions	2,576,454	
Deferred inflows related to pensions	<u>(179,375)</u>	(4,691,534)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Leases payable	(451,000)	
Capital leases payable	(1,771,013)	
Compensated absences	<u>(668,096)</u>	(2,890,109)
Net position of governmental activities		<u>\$ 5,119,592</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Downtown Development Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 2,944,727	\$ 233,150	\$ 308,558	\$ 3,486,435
Franchise fees	521,051	-	-	521,051
Licenses and permits	2,753	-	543,176	545,929
Intergovernmental	1,050,253	-	927,004	1,977,257
Charges for services	439,827	-	692,536	1,132,363
Fines and forfeitures	14,887	-	-	14,887
Rents and royalties	21,277	6,270	-	27,547
Interest	34,383	3,231	5,249	42,863
Miscellaneous	26,499	-	40,942	67,441
Total revenues	<u>5,055,657</u>	<u>242,651</u>	<u>2,517,465</u>	<u>7,815,773</u>
Expenditures				
Current:				
General government	2,308,145	-	-	2,308,145
Public safety	2,437,365	-	2,075,598	4,512,963
Physical environment	59,911	-	-	59,911
Transportation	552,423	-	336,056	888,479
Economic environment	-	241,867	-	241,867
Culture/recreation	572,530	-	250,650	823,180
Debt service:				
Principal	163,635	-	241,895	405,530
Interest	12,209	-	42,273	54,482
Capital outlay	1,170,100	30,217	284,947	1,485,264
Total expenditures	<u>7,276,318</u>	<u>272,084</u>	<u>3,231,419</u>	<u>10,779,821</u>
Excess (deficiency) of revenues over expenditures	<u>(2,220,661)</u>	<u>(29,433)</u>	<u>(713,954)</u>	<u>(2,964,048)</u>
Other financing sources (uses)				
Issuance of leases	379,316	-	-	379,316
Transfers in	1,321,013	-	645,201	1,966,214
Transfers out	(645,201)	(27,625)	(361,319)	(1,034,145)
Total other financing sources (uses)	<u>1,055,128</u>	<u>(27,625)</u>	<u>283,882</u>	<u>1,311,385</u>
Net change in fund balances	<u>(1,165,533)</u>	<u>(57,058)</u>	<u>(430,072)</u>	<u>(1,652,663)</u>
Fund balances, beginning of year, as restated (see Note 13)	5,192,843	219,592	885,580	6,298,015
Fund balances, end of year	<u>\$ 4,027,310</u>	<u>\$ 162,534</u>	<u>\$ 455,508</u>	<u>\$ 4,645,352</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds	\$ (1,652,663)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the	
Capital outlay expenditures	1,485,264
Depreciation expense	(835,054)
Lease proceeds are reported as financing sources in the governmental funds. However, the issuance of	
These amounts are as follows:	
Lease proceeds	(379,316)
Lease principal payments	405,530
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported.	
However, in governmental funds, the proceeds from the sale increases financial resources.	
Thus, the change in net position differs from the change in fund balance by the cost of	
the capital assets sold/disposed.	(10,105)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in	
Change in net pension liability and deferred inflows/outflows related to pensions	(1,212,447)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not	
These adjustments are as follows:	
Change in compensated absences liability	(48,530)
Change in net position of governmental activities	\$ (2,247,321)

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,616,750	\$ 3,941,736	\$ 2,944,727	\$ (997,009)
Franchise fees	449,000	474,373	521,051	46,678
Licenses and permits	42,000	16,481	2,753	(13,728)
Intergovernmental	349,966	360,669	1,050,253	689,584
Charges for services	359,292	390,255	439,827	49,572
Fines and forfeitures	5,000	10,387	14,887	4,500
Rents and royalties	26,000	21,493	21,277	(216)
Interest	10,500	34,688	34,383	(305)
Miscellaneous	58,000	72,330	26,499	(45,831)
Total revenues	<u>4,916,508</u>	<u>5,322,412</u>	<u>5,055,657</u>	<u>(266,755)</u>
Expenditures				
Current:				
General government	1,661,268	1,769,092	2,758,320	(989,228)
Public safety	2,659,421	2,995,314	3,132,193	(136,879)
Physical environment	58,331	59,912	59,911	1
Transportation	654,134	590,154	753,364	(163,210)
Culture/recreation	512,978	595,742	572,530	23,212
Total expenditures	<u>5,546,132</u>	<u>6,010,214</u>	<u>7,276,318</u>	<u>(1,266,104)</u>
Excess (deficiency) of revenues over expenditures	<u>(629,624)</u>	<u>(687,802)</u>	<u>(2,220,661)</u>	<u>(1,532,859)</u>
Other financing sources (uses)				
Issuance of leases	-	-	379,316	379,316
Transfers in	1,321,013	1,321,013	1,321,013	-
Transfers out	(797,889)	(749,776)	(645,201)	104,575
Total other financing sources (uses)	<u>523,124</u>	<u>571,237</u>	<u>1,055,128</u>	<u>483,891</u>
Net change in fund balance	<u>(106,500)</u>	<u>(116,565)</u>	<u>(1,165,533)</u>	<u>(1,048,968)</u>
Fund balance, beginning of year	5,192,843	5,192,843	5,192,843	-
Fund balance, end of year	<u>\$ 5,086,343</u>	<u>\$ 5,076,278</u>	<u>\$ 4,027,310</u>	<u>\$ (1,048,968)</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND AND DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Fund				Downtown Development Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
Revenues								
Taxes	\$ -	\$ -	\$ 308,558	\$ -	\$ 241,554	\$ 241,554	\$ 233,150	\$ (8,404)
Licenses and permits	-	-	543,176	543,176	-	-	-	-
Intergovernmental	2,300,856	1,453,931	927,004	(526,927)	12,000	12,000	-	(12,000)
Charges for service	2,345,351	2,558,451	692,536	(1,865,915)	-	-	-	-
Rents and royalties	-	-	-	-	-	-	6,270	6,270
Interest	-	-	5,249	5,249	350	350	3,231	2,881
Miscellaneous	-	-	40,942	40,942	-	-	-	-
Total revenues	<u>4,646,207</u>	<u>4,012,382</u>	<u>2,517,465</u>	<u>(1,803,475)</u>	<u>253,904</u>	<u>253,904</u>	<u>242,651</u>	<u>(11,253)</u>
Expenditures								
Current:								
Public safety	2,345,351	2,558,451	2,075,598	482,853	-	-	-	-
Transportation	592,158	622,710	336,056	286,654	-	-	-	-
Economic environment	-	-	-	-	183,240	272,021	241,867	30,154
Culture/recreation	1,307,959	531,700	250,650	281,050	-	-	-	-
Debt Service:								
Principal	-	-	241,895	(241,895)	-	-	-	-
Interest	-	-	42,273	(42,273)	-	-	-	-
Capital outlay	-	-	284,947	(284,947)	190,000	-	30,217	(30,217)
Total expenditures	<u>4,245,468</u>	<u>3,712,861</u>	<u>3,231,419</u>	<u>481,442</u>	<u>373,240</u>	<u>272,021</u>	<u>272,084</u>	<u>(63)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>400,739</u>	<u>299,521</u>	<u>(713,954)</u>	<u>(1,013,475)</u>	<u>(119,336)</u>	<u>(18,117)</u>	<u>(29,433)</u>	<u>(11,316)</u>
Other financing sources (uses)								
Transfers in	797,889	749,776	645,201	(104,575)	-	-	-	-
Transfers out	(330,488)	(330,613)	(361,319)	(30,706)	(27,500)	(27,500)	(27,625)	(125)
Total other financing sources (uses)	<u>467,401</u>	<u>419,163</u>	<u>283,882</u>	<u>(135,281)</u>	<u>(27,500)</u>	<u>(27,500)</u>	<u>(27,625)</u>	<u>(125)</u>
Net change in fund balances	<u>868,140</u>	<u>718,684</u>	<u>(430,072)</u>	<u>(1,148,756)</u>	<u>(146,836)</u>	<u>(45,617)</u>	<u>(57,058)</u>	<u>(11,441)</u>
Fund balances, beginning of year	885,580	885,580	885,580	-	219,592	219,592	219,592	-
Fund balances, end of year	<u>\$ 1,753,720</u>	<u>\$ 1,604,264</u>	<u>\$ 455,508</u>	<u>\$ (1,148,756)</u>	<u>\$ 72,756</u>	<u>\$ 173,975</u>	<u>\$ 162,534</u>	<u>\$ (11,441)</u>
Reconciliation on Budgetary Basis to Demonstrate Budgetary Compliance by Fund within the Special Revenue Fund								
	Original	Final	Actual Amounts	Variance with Final Budget				
Fire expenditures	\$ 1,931,607	\$ 2,168,152	\$ 2,168,151	\$ 1				
Transportation expenditures	592,158	622,710	346,531	276,179				
Building expenditures	413,744	390,299	351,134	39,165				
Wild Spaces Public Places expenditures	1,307,959	531,700	365,603	166,097				
	<u>\$ 4,245,468</u>	<u>\$ 3,712,861</u>	<u>\$ 3,231,419</u>	<u>\$ 481,442</u>				

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Solid Waste</u>	<u>Sewer</u>	<u>Totals</u>
ASSETS				
Current assets:				
Restricted cash:				
Customer deposits	\$ 203,153	\$ 211,607	\$ -	\$ 414,760
Revenue bond covenant accounts	-	-	244,778	244,778
Accounts receivable, net	225,207	28,353	1,574,058	1,827,618
Due from other funds	267,210	74,203	1,748,265	2,089,678
Inventories	5,004	-	25,785	30,789
Total current assets	<u>700,574</u>	<u>314,163</u>	<u>3,592,886</u>	<u>4,607,623</u>
Noncurrent assets:				
Restricted cash:				
Revenue bond covenant account	-	-	228,446	228,446
Capital improvements	-	-	11,207	11,207
Impact fee	210,106	-	657,542	867,648
Capital assets, not being depreciated	1,686,130	-	4,387,869	6,073,999
Capital assets, being depreciated, net	2,155,495	-	14,347,869	16,503,364
Total noncurrent assets	<u>4,051,731</u>	<u>-</u>	<u>19,632,933</u>	<u>23,684,664</u>
Total Assets	<u>\$ 4,752,305</u>	<u>\$ 314,163</u>	<u>\$ 23,225,819</u>	<u>\$ 28,292,287</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>\$ 118,462</u>	<u>\$ 9,024</u>	<u>\$ 76,939</u>	<u>\$ 204,425</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 27,112	\$ 117,869	\$ 149,994	\$ 294,975
Due to other funds	180,908	-	4,427,598	4,608,506
Compensated absences	7,800	-	6,480	14,280
Customer deposits payable	203,041	198,294	-	401,335
Unearned revenue	-	25,240	-	25,240
Bonds and leases payable, current portion	197,000	-	220,198	417,198
Accrued interest payable from restricted assets	7,205	-	24,580	31,785
Total current liabilities	<u>623,066</u>	<u>341,403</u>	<u>4,828,850</u>	<u>5,793,319</u>
Noncurrent liabilities:				
Compensated absences	18,200	-	15,121	33,321
Net pension liability	325,925	24,828	211,681	562,434
Bonds and leases payable	2,781,000	-	6,881,276	9,662,276
Total noncurrent liabilities	<u>3,125,125</u>	<u>24,828</u>	<u>7,108,078</u>	<u>10,258,031</u>
Total Liabilities	<u>\$ 3,748,191</u>	<u>\$ 366,231</u>	<u>\$ 11,936,928</u>	<u>\$ 16,051,350</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>\$ 8,247</u>	<u>\$ 628</u>	<u>\$ 5,357</u>	<u>\$ 14,232</u>
NET POSITION				
Net investment in capital assets	\$ 863,625	\$ -	\$ 11,634,264	\$ 12,497,889
Restricted for:				
Debt service	-	-	448,644	448,644
Capital projects	210,106	-	668,749	878,855
Unrestricted	40,598	(43,672)	(1,391,184)	(1,394,258)
Total Net Position	<u>\$ 1,114,329</u>	<u>\$ (43,672)</u>	<u>\$ 11,360,473</u>	<u>\$ 12,431,130</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Operating revenues				
Water service	\$ 1,038,786	\$ -	\$ -	\$ 1,038,786
Water penalties	19,808	-	-	19,808
Garbage/solid waste service	-	1,162,141	-	1,162,141
Garbage penalties	-	20,520	-	20,520
Sewer service	-	-	1,470,723	1,470,723
Miscellaneous income	42,492	1,250	3,514	47,256
Total operating revenues	<u>1,101,086</u>	<u>1,183,911</u>	<u>1,474,237</u>	<u>3,759,234</u>
Operating expenses				
Personal services	495,773	39,089	363,219	898,081
Operating expenses	1,083,241	1,184,907	277,859	2,546,007
Depreciation	137,607	-	595,827	733,434
Total operating expenses	<u>1,716,621</u>	<u>1,223,996</u>	<u>1,236,905</u>	<u>4,177,522</u>
Operating income	<u>(615,535)</u>	<u>(40,085)</u>	<u>237,332</u>	<u>(418,288)</u>
Nonoperating revenues (expenses)				
Interest income	60,977	-	27,872	88,849
Interest expense	(92,817)	-	(307,413)	(400,230)
Total nonoperating revenues (expenses)	<u>(31,840)</u>	<u>-</u>	<u>(279,541)</u>	<u>(311,381)</u>
Income (loss) before contributions and transfers	<u>(647,375)</u>	<u>(40,085)</u>	<u>(42,209)</u>	<u>(729,669)</u>
Capital grants and contributions	210,413	-	1,788,645	1,999,058
Transfers out	(486,091)	(445,978)	-	(932,069)
Change in net position	<u>(923,053)</u>	<u>(486,063)</u>	<u>1,746,436</u>	<u>337,320</u>
Net position, beginning of year	2,037,382	442,391	9,614,037	12,093,810
Net position, end of year	<u>\$ 1,114,329</u>	<u>\$ (43,672)</u>	<u>\$ 11,360,473</u>	<u>\$ 12,431,130</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,076,644	\$ 1,363,870	\$ 78,247	\$ 2,518,761
Cash paid to employees	(423,217)	(37,378)	(300,131)	(760,726)
Cash paid to suppliers	(1,210,901)	(1,133,667)	(650,894)	(2,995,462)
Net cash provided by operating activities	<u>(557,474)</u>	<u>192,825</u>	<u>(872,778)</u>	<u>(1,237,427)</u>
Cash flows from noncapital financing activities				
Interfund transfers	(486,091)	(445,978)	-	(932,069)
Interfund loans	3,308,434	321,394	1,892,872	5,522,700
Net cash provided by (used in) noncapital financing activities	<u>2,822,343</u>	<u>(124,584)</u>	<u>1,892,872</u>	<u>4,590,631</u>
Cash flows from capital and related financing activities				
Impact fees and capital contributions	10,200	-	78,440	88,640
Acquisition and construction of capital assets	(2,212,487)	-	(2,568,709)	(4,781,196)
Capital grants	200,213	-	1,710,205	1,910,418
Principal payments of long-term debt	(181,000)	-	(214,126)	(395,126)
Proceeds from issuance of long-term debt	-	-	278,200	278,200
Interest paid	(85,612)	-	(307,413)	(393,025)
Net cash provided by (used in) capital and related financing activities	<u>(2,268,686)</u>	<u>-</u>	<u>(1,023,403)</u>	<u>(3,292,089)</u>
Cash flows from investing activities				
Interest received	60,977	-	27,872	88,849
Net cash provided by (used in) investing activities	<u>60,977</u>	<u>-</u>	<u>27,872</u>	<u>88,849</u>
Net change in cash and cash equivalents	<u>57,160</u>	<u>68,241</u>	<u>24,563</u>	<u>149,964</u>
Cash and cash equivalents, beginning of year	356,099	143,366	1,117,410	1,616,875
Cash and cash equivalents, end of year	<u>\$ 413,259</u>	<u>\$ 211,607</u>	<u>\$ 1,141,973</u>	<u>\$ 1,766,839</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (615,535)	\$ (40,085)	\$ 237,332	\$ (418,288)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	137,607	-	595,827	733,434
Changes in assets and liabilities:				
Accounts receivable	(80,430)	132,543	(1,395,990)	(1,343,877)
Inventories and prepaid expense	40,573	-	43,460	84,033
Accounts payable and accrued expenses	(168,233)	51,240	(416,495)	(533,488)
Deposits	55,988	54,928	-	110,916
Unearned revenue	-	(7,512)	-	(7,512)
Compensated absences	9,810	-	2,361	12,171
Net pension liability	62,746	1,711	60,727	125,184
Net cash provided by operating activities	<u>\$ (557,474)</u>	<u>\$ 192,825</u>	<u>\$ (872,778)</u>	<u>\$ (1,237,427)</u>
Cash and cash equivalents classified as:				
Restricted cash and cash equivalents	\$ 413,259	\$ 211,607	\$ 1,141,973	\$ 1,766,839

The accompanying notes to financial statements
are an integral part of this statement.

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023**

	<u>Motor Vehicle Tag Fund</u>
ASSETS	
Cash	<u>\$ 1,095,812</u>
LIABILITIES	
Due to other governments	<u>\$ 1,095,812</u>

The accompanying notes to financial statements
are an integral part of this statement.

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023**

	Motor Vehicle Tag Fund
Additions	
Charges for services	\$ 1,163,906
Total additions	1,163,906
Deductions	
Payments to other governments	1,163,906
Total deductions	1,163,906
Change in net position	-
Net position , beginning of year	-
Net position , end of year	\$ -

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) Summary of Significant Accounting Policies:

The financial statements of the City of High Springs, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was created pursuant to provisions of Chapter 165, *Florida Statutes*, and specifically has legal Authority under Chapter 61.2230, *Laws of Florida*.

The financial activity of The High Springs, Florida Community Redevelopment Agency (the Agency), is included in the financial reporting entity as a blended component unit. The Agency was established under Chapter 163, *Florida Statutes*, for the purpose of fostering economic development in the downtown area of the City. The members of the Agency's board are appointed by the City Commissioners. The Agency is fiscally dependent on the City, and the City Commission approves the Agency's annual budget. The Agency is presented as a governmental fund type. A separate audit report of the Agency can be obtained from the City's Finance Department.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component assets are appropriately presented as funds of the primary government.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for 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. 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year 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.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The ***General Fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***Special Revenue Fund*** is a special revenue fund used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

The ***Downtown Development Fund*** is a special revenue fund used to account for tax increment and other revenues associated with the City's Community Redevelopment Agency and the expenditures of these funds in the redevelopment district.

The City reports the following major proprietary funds:

The ***Water Fund*** accounts for the activities of the City's water distribution operations.

The ***Solid Waste Fund*** accounts for the activities of the City's solid waste collection system.

The ***Sewer Fund*** accounts for the construction activities and City's wastewater treatment system.

Additionally, the City reports the following fund types:

The ***Motor Vehicle Tag Custodial Fund*** accounts for the collection of fees associated with the sale of motor vehicle tags, title transfers, and sales taxes and the remittance of these funds collected for the State of Florida and Alachua County Tax Collector.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

(d) **Budgets and budgetary accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

(e) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(f) **Deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City does not have an investment policy, however state statutes authorize the City to invest in direct obligations of the U.S. Treasury or direct obligations for which the faith and credit of the United States is pledged, Local Government Surplus Trust Fund administered by the State Board of Administration, Federal agencies and instrumentalities, SEC registered money market funds with the highest credit quality rating, and savings and certificate of deposit accounts in State-certified public depositories.

(g) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Property tax calendar**—Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

(i) **Inventories and prepaid items**—All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

(j) **Restricted assets**—Certain assets are required to be segregated due to various debt agreements and restricted revenue sources. Certain proceeds from enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond covenant accounts” are used to report resources set aside to subsidize potential deficiencies from the City’s operations that could adversely affect debt service payments, accumulated for debt service payments over the next twelve months, set aside to make up potential future deficiencies in the revenue bond debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The general fund reports assets set aside for infrastructure under a County discretionary surtax.

(k) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 – 60
Improvements other than buildings	15
Machinery and equipment	5 – 15

(l) **Compensated absences**—It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when paid.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category consisted of deferred amounts related to pension, as discussed further in Note (9).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (9).

(o) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Non-spendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property held for sale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission or the City Manager.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the City's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted. The City has a fund balance reserve policy from the unassigned general fund balance to provide sufficient funds for unforeseen or unexpected events. The reserve shall be equal to but not less than \$75,000 annually until such time as the fund balance reaches \$1,000,000.

(p) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments in Certificates of Deposit:**

At September 30, 2023, the City held various demand deposits with a financial institution. All of the bank balance is covered by Federal depository insurance or by collateral held by the City's custodial banks, which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(4) Receivables:

Receivables at September 30, 2023, for the City's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Sewer</u>	<u>Total</u>
Interest	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ 224
Accounts	174,096	-	301,531	115,744	214,728	806,129
Intergovernmental	596,456	12,367	-	-	1,411,615	2,020,438
Gross Receivables	<u>770,776</u>	<u>12,367</u>	<u>301,531</u>	<u>115,744</u>	<u>1,626,343</u>	<u>2,826,761</u>
Allowance	-	-	(76,324)	(87,391)	(52,285)	(216,000)
Net total receivables	<u>\$ 770,776</u>	<u>\$ 12,637</u>	<u>\$ 225,207</u>	<u>\$ 28,353</u>	<u>\$ 1,574,058</u>	<u>\$ 2,610,761</u>

(5) Interfund Loans, Advances, and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2023, are comprised of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue Fund	General Fund	\$ 129,266
General Fund	Downtown Development Fund	531,647
General Fund	Sewer Utility Fund	4,427,598
General Fund	Special Revenue Fund	232,530
Downtown Development Fund	Special Revenue Fund	284,086
General Fund	Water Fund	180,908
		<u>\$ 5,786,035</u>

Interfund transfers:

	Transfers In:		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ -	\$ 645,201	\$ 645,201
Fire Control Fund	-	-	-
Downtown Development Fund	27,625	-	27,625
Special Revenue Fund	361,319	-	361,319
Sewer Fund	-	-	-
Water Fund	486,091	-	486,091
Solid Waste Fund	445,978	-	445,978
	<u>\$ 1,321,013</u>	<u>\$ 645,201</u>	<u>\$ 1,966,214</u>

Transfers are used to move revenues between funds to reflect the activities of the fund with the primary government. The primary government accounts for activities such as budgetary authorizations, subsidies or matching funds for various grant programs, and reimbursements to the general fund for services provided to other funds.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(6) **Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 824,661	\$ -	\$ -	\$ 824,661
Construction in progress	59,335	35,519	-	94,854
Total capital assets, not being depreciated	<u>883,996</u>	<u>35,519</u>	<u>-</u>	<u>919,515</u>
Capital assets, being depreciated				
Buildings	4,250,645	116,749	-	4,367,394
Improvements other than buildings	7,186,473	207,224	-	7,393,697
Machinery and equipment	5,084,419	1,125,772	(15,956)	6,194,235
Total capital assets, being depreciated	<u>16,521,537</u>	<u>1,449,745</u>	<u>(15,956)</u>	<u>17,955,326</u>
Less accumulated depreciation				
Buildings	(1,751,899)	(147,469)	-	(1,899,368)
Improvements other than buildings	(5,711,940)	(203,431)	5,851	(5,909,520)
Machinery and equipment	(2,525,916)	(484,154)	-	(3,010,070)
Total accumulated depreciation	<u>(9,989,755)</u>	<u>(835,054)</u>	<u>5,851</u>	<u>(10,818,958)</u>
Total capital assets, being depreciated, net	<u>6,531,782</u>	<u>614,691</u>	<u>(10,105)</u>	<u>7,136,368</u>
Governmental activities capital assets, net	<u>\$ 7,415,778</u>	<u>\$ 650,210</u>	<u>\$ (10,105)</u>	<u>\$ 8,055,883</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(6) **Capital Assets:** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 404,668	\$ -	\$ -	\$ 404,668
Construction in progress	2,731,329	2,938,002	-	5,669,331
Total capital assets, not being depreciated	3,135,997	2,938,002	-	6,073,999
Capital assets, being depreciated				
Buildings	2,341,838	-	-	2,341,838
Improvements other than buildings	21,258,607	1,740,471	-	22,999,078
Machinery and equipment	1,334,309	102,723	-	1,437,032
Total capital assets, being depreciated	24,934,754	1,843,194	-	26,777,948
Less accumulated depreciation				
Buildings	(1,135,911)	(56,488)	-	(1,192,399)
Improvements other than buildings	(7,339,471)	(583,259)	-	(7,922,730)
Machinery and equipment	(1,065,768)	(93,687)	-	(1,159,455)
Total accumulated depreciation	(9,541,150)	(733,434)	-	(10,274,584)
Total capital assets, being depreciated, net	15,393,604	1,109,760	-	16,503,364
Governmental activities capital assets, net	<u>\$ 18,529,601</u>	<u>\$ 4,047,762</u>	<u>\$ -</u>	<u>\$ 22,577,363</u>

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2023:

Governmental activities:	
General government	\$ 42,084
Public safety	424,482
Physical environment	28,493
Transportation	136,275
Economic environment	42,519
Culture and recreation	161,201
Total	<u>\$ 835,054</u>
Business-type activities:	
Water	\$ 137,607
Sewer	595,827
Total	<u>\$ 733,434</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(7) Long-term Liabilities:

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
Notes payable	\$ 536,000	\$ -	\$ (85,000)	\$ 451,000	\$ 87,000
Lease liabilities	1,712,227	379,316	(320,530)	1,771,013	247,316
Compensated absences	619,566	376,488	(327,958)	668,096	200,429
Total	<u>\$ 2,867,793</u>	<u>\$ 755,804</u>	<u>\$ (733,488)</u>	<u>\$ 2,890,109</u>	<u>\$ 534,745</u>
Business-type activities:					
Bonds payable	\$ 10,196,400	\$ -	\$ (342,237)	\$ 9,854,163	\$ 365,050
Lease liabilities	-	278,200	(52,889)	225,311	52,148
Compensated absences	35,430	45,360	(33,188)	47,601	14,280
Total	<u>\$ 10,231,830</u>	<u>\$ 323,560</u>	<u>\$ (428,314)</u>	<u>\$ 10,127,075</u>	<u>\$ 431,478</u>

Notes payable in the City's governmental activities at September 30, 2023, were comprised of the following obligation:

The City issued Taxable Non-Ad Valorem Revenue note on January 14, 2022, in the amount of \$589,000, where the City pledges income derived Non-Ad Valorem Revenues. The purpose of the issuance was for the purchase of land and facilities to be used for tourist-related purposes, and appurtenant improvements. The note has a stated interest rate of 2.23% and are payable over 7 years with a final maturity date of September 1, 2028.

Notes payable debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 87,000	\$ 10,057	\$ 97,057
2025	88,000	8,117	96,117
2026	90,000	6,155	96,155
2027	92,000	4,148	96,148
2028	94,000	2,096	96,096
Total	<u>\$ 451,000</u>	<u>\$ 30,573</u>	<u>\$ 481,573</u>

Bonds payable in the City's business-type activities at September 30, 2023, were comprised of the following obligations:

The City issued revenue bonds on January 15, 2004, in the amount of \$2,235,250, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Phase 1 of the City's wastewater treatment system. The bonds have a stated interest rate of 4.50% and are payable over 40 years with a final maturity date of September 1, 2043.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(7) **Long-term Liabilities:** (Continued)

On October 29, 2009 the City issued bonds in the amount of \$6,353,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Phases 2 and 3 of the City's wastewater treatment system. The bonds have a stated interest rate of 4.125% and are payable over 40 years with a final maturity date of September 1, 2049.

On January 14, 2022 the City issued bonds in the amount of \$850,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Well #2 of the City's water system. The bonds have a stated interest rate of 2.010% and are payable over 12 years with a final maturity date of September 1, 2033.

On September 29, 2022 the City issued bonds in the amount of \$2,350,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing the installation and implementation of an Automated Metering Infrastructure (AMI) system for water and wastewater system billing. The bonds have a stated interest rate of 3.200% and are payable over 15 years with a final maturity date of September 1, 2037.

Revenue bonds outstanding at September 30, 2023, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Wastewater treatment system Series 2004	4.500%	\$ 1,610,863
Wastewater treatment system Series 2009	4.125%	5,265,300
Water and sewer Series 2022	3.200%	129,000
Water and sewer Series 2022	2.010%	68,000
Total		<u>\$ 9,854,163</u>

Revenue bonds debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 365,050	\$ 376,137	\$ 741,187
2025	377,259	363,518	740,777
2026	391,673	350,444	742,117
2027	404,397	336,856	741,253
2028	417,433	322,790	740,223
2029-2033	2,320,964	1,384,359	3,705,323
2034-2038	2,127,945	963,209	3,091,154
2039-2043	1,706,042	582,835	2,288,877
2044-2048	1,422,700	246,948	1,669,648
2049	320,700	13,229	333,929
Total	<u>\$ 9,854,163</u>	<u>\$ 4,940,325</u>	<u>\$ 14,794,488</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(8) Lease liabilities:

The City is leasing various vehicles and equipment with the costs shown below. These lease agreements qualify as lease liabilities for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through lease liabilities are as follows:

	<u>Governmental</u>	<u>Business Type</u>
Asset:		
Vehicles and equipment	\$ 2,564,361	\$ 278,200
Less: Accumulated depreciation	(797,169)	-
Total	<u>\$ 1,767,192</u>	<u>\$ 278,200</u>

Future minimum lease payments for the City's governmental activities leases are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 247,316	\$ 57,272	\$ 304,588
2025	243,577	46,832	290,409
2026	273,462	35,996	309,458
2027	219,912	25,288	245,200
2028	190,551	16,826	207,377
2029-2033	596,195	34,411	630,606
Total	<u>\$ 1,771,013</u>	<u>\$ 216,625</u>	<u>\$ 1,987,638</u>

Future minimum lease payments for the City's business type leases are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,148	\$ 11,632	\$ 63,780
2025	54,841	8,940	63,781
2026	57,672	6,109	63,781
2027	60,650	3,131	63,781
Total	<u>\$ 225,311</u>	<u>\$ 29,812</u>	<u>\$ 255,123</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(9) Pension Obligations:

Florida Retirement System (FRS)

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all general employees hired before January 1, 1996, and all firefighters, regardless of date of hire. The System is 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. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. 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.

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(9) Pension Obligations: (Continued)

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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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 Annual Comprehensive 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 entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2023	After June 30, 2023
Regular Class	11.91%	13.57%
Elected Officers	57.00%	58.68%
Senior Management Service	31.57%	34.52%
Special Risk Regular	27.83%	32.67%
DROP from FRS	10.81%	12.64%

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(9) **Pension Obligations:** (Continued)

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023, and 2.00% thereafter, which are included in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2023, were as follows:

City Contributions – FRS	\$	724,235
City Contributions – HIS		68,434
Employee Contributions – FRS		123,676

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2023, the City reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 5,998,882
HIS	1,652,165
Total	\$ 7,651,047

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 employer proportion of the net pension liability was based on a projection of the organization’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and June 30, 2022, the organization’s proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.015054852%	0.011190895%
HIS	0.010403187%	0.008231970%

For the year ended September 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	1,483,757
HIS		699,821
Total		\$ 2,183,578

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(9) **Pension Obligations:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2023, the entity 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	\$ 563,243	\$ -	\$ 24,187	\$ (3,878)
Changes of assumptions	391,057	-	43,435	(143,166)
Net difference between projected and actual investment earnings	250,530	-	853	-
Change in proportionate share	993,189	(46,563)	304,113	-
Contributions subsequent to measurement date	190,902	-	19,370	-
Total	<u>\$ 2,388,921</u>	<u>\$ (46,563)</u>	<u>\$ 391,958</u>	<u>\$ (147,044)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and 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:

	FRS	HIS	Total
2024	\$ 392,215	\$ 60,852	\$ 453,067
2025	155,354	58,827	214,181
2026	1,202,973	43,641	1,246,614
2027	312,002	23,388	335,390
2028	88,912	28,238	117,150
Thereafter	-	10,598	10,598
	<u>\$ 2,151,456</u>	<u>\$ 225,544</u>	<u>\$ 2,377,000</u>

Actuarial assumptions:

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, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(9) Pension Obligations: (Continued)

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 is 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 consistent with the prior year rate of 6.70%. 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 3.54%. 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.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	<u>100.0%</u>	

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 of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 10,247,312	\$ 5,998,882	\$ 2,444,562
HIS	3.65%	1,884,862	1,652,165	1,459,274

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(10) Other Postemployment Benefits:

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(11) Commitments and Contingencies:

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.

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2023, no amounts have been accrued.

(12) Deficit Fund Balance:

At September 30, 2023, the Solid Waste fund reported a fund balance deficit of \$(43,672). This cumulative deficit was the result of making additional capital expenditures that are expected to be recovered from subsequent periods' general fund transfers.

(13) Fund Balance Reclassifications and Restatements:

The presentation of certain funds was changed from the prior year, resulting in various changes to beginning fund balance as reported for certain funds. The resulting impact of these reclassifications and restatements is shown below.

	<u>General Fund</u>	<u>Fire Control</u>	<u>Special Revenue Fund</u>	<u>Sewer Fund</u>	<u>Governmental Activities</u>
9/30/2022 fund balance and net position	\$ 5,485,216	\$ (254,996)	\$ 514,186	\$ 9,937,146	\$ 7,032,896
Reclassifications	(626,390)	254,996	371,394	-	-
Restatements	334,017	-	-	(323,109)	334,017
9/30/2022 fund balance and net position, as restated	<u>\$ 5,192,843</u>	<u>\$ -</u>	<u>\$ 885,580</u>	<u>\$ 9,614,037</u>	<u>\$ 7,366,913</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(14) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (d) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.015054852%	0.011190895%	0.010736185%	0.011050682%	0.010896892%	0.010743818%	0.010380699%	0.009635121%	0.008966125%	0.009266662%
Proportionate share of the net pension liability	\$ 5,998,882	\$ 4,163,912	\$ 810,997	\$ 4,789,528	\$ 3,752,738	\$ 3,236,094	\$ 3,070,541	\$ 2,432,876	\$ 1,158,095	\$ 565,403
Covered payroll	4,122,530	3,000,624	2,885,440	2,575,929	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294	1,641,883
Proportionate share of the net pension liability as a percentage of covered payroll	145.51%	138.77%	28.11%	185.93%	154.12%	150.66%	156.15%	141.38%	65.05%	34.44%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.010403187%	0.008231970%	0.007730708%	0.007420423%	0.007279030%	0.006574976%	0.006026319%	0.005567430%	0.005558412%	0.005728286%
Proportionate share of the net pension liability	\$ 1,652,165	\$ 871,897	\$ 948,288	\$ 906,022	\$ 814,451	\$ 695,903	\$ 644,362	\$ 648,861	\$ 566,871	\$ 535,609
Covered payroll	4,122,530	3,000,624	2,885,440	2,575,929	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294	1,641,883
Proportionate share of the net pension liability as a percentage of covered payroll	40.08%	29.06%	32.86%	35.17%	33.45%	32.40%	32.77%	37.71%	31.84%	32.62%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	For the Fiscal Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Contractually required contribution	\$ 772,476	\$ 498,739	\$ 440,180	\$ 367,165	\$ 337,882	\$ 306,190	\$ 291,988	\$ 244,124	\$ 237,356	\$ 215,882
Contributions in relation to the contractually required contribution	772,476	498,739	440,180	367,165	337,882	306,190	291,988	244,124	237,356	215,882
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,227,735	\$ 3,115,906	\$ 2,885,440	\$ 2,575,929	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294	\$ 1,641,883
Contributions as a percentage of covered payroll	18.27%	16.01%	15.26%	14.25%	13.88%	14.25%	14.85%	14.19%	13.33%	13.15%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 73,473	\$ 51,724	\$ 47,898	\$ 42,760	\$ 40,420	\$ 35,656	\$ 32,643	\$ 28,565	\$ 22,432	\$ 20,688
Contributions in relation to the contractually required contribution	73,473	51,724	47,898	42,760	40,420	35,656	32,643	28,565	22,432	20,688
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,227,735	\$ 3,115,906	\$ 2,885,440	\$ 2,575,929	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294	\$ 1,641,883
Contributions as a percentage of covered payroll	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.26%

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

State Grantor/ Pass-Through Grantor/Project Title	CSFA Number	Contract / Grant Number	Expenditures
State of Florida Department of Environmental Protection			
Direct Programs:			
Florida Springs Grant	37.052	LP6103I	<u>\$ 1,699,555</u>
State of Florida Department of Financial Services			
Direct Programs:			
Fire Decontamination Equipment Grant Project	43.013	FM716	<u>29,441</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 1,728,996</u></u>

Notes:

1) Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes state financial assistance activity of City of High Springs (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General.

2) Subrecipients:

The City provided no state awards to subrecipients during the year ended September 30, 2023.

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this schedule.

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A. Summary of Auditors' Results

Financial Statements:

Type of audit report issued on the financial statements: *Modified*

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance:

Internal control over major state projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major state projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$518,699

Identification of major state projects:

CSFA Number	Project Name
37.052	Florida Springs Grant Program

B. Financial Statement Findings:

2023-001 Utility Billing Rates

Criteria: Internal controls over utility billing should include a review of utility billing rates that are entered or modified to verify billing rates agree to approved utility rates.

Condition: The City billed customers incorrectly throughout the year.

Cause: The City does not have a formal process to review utility rates to verify that rates are correctly entered into the Utility Billing software to bill customers.

Effect: The City residents were billed using an incorrect utility billing rate. Our estimation of loss revenue is approximately \$120,000.

Recommendation: We recommend the City implement an additional review process for any future rate adjustments, to help ensure all such adjustments are properly calculated and entered into the utility billing software.

2023-002 Reconciliation of Account Balances and Audit Adjustments

Criteria: Internal controls over financial reporting should include timely year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

Condition: All balances should be reconciled to supporting documentation and reconciled with the general ledger.

Cause: For the year ended September 30, 2023, many accounts were not reconciled on a timely basis and certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. We noted this to be largely due to the structure and maintenance of the general ledger and chart of accounts.

Effect: Financial statements would be materially misstated if significant adjustments were not made. Errors or improper activity may not be detected and corrected on a timely basis if reconciliations are not performed timely.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. Reconciliations should be performed on a timely and regular basis and include procedures related to the proper cutoff of significant revenue and expense activities.

2023-003: Timeliness of Year-End Close and Financial Reporting

Criteria: Timely financial reporting is essential for effective public fund management and oversight. The state of Florida mandates that financial audits be completed within nine months after the fiscal year-end to ensure stakeholders receive accurate and timely information.

Condition: The current audit was completed well after the statutory deadline.

Cause: While a chart of account conversion contributed to various delays in year-end closing procedures, other responsibilities of core finance personnel and limited overall staffing also adversely impacted the City's ability to produce timely financial reports.

Effect: This substantial delay hampers the City's ability to provide timely and reliable financial information for accounting and budget purposes. It also increases the risk of undetected errors and/or fraud.

Recommendation: The City should review and improve its financial reporting processes to ensure timely completion. This includes optimizing internal procedures and a consideration of the need to increase staffing and resources dedicated to the accounting function.

2023-004: Timeliness of Bank Reconciliations

Criteria: Timely completion of bank reconciliations is a fundamental internal control to ensure the accuracy of financial records, detect errors, and prevent or identify fraudulent transactions. Best practices recommend that bank reconciliations be completed within a reasonable period after month-end.

Condition: Bank reconciliations were not consistently completed on a timely basis. Several reconciliations were delayed by multiple months, increasing the risk of undetected errors or fraudulent transactions.

Cause: Limited staffing and competing priorities within the finance department contributed to delays in completing reconciliations. Additionally, a lack of formalized procedures for monitoring and enforcing reconciliation deadlines further exacerbated the issue.

Effect: The failure to perform timely bank reconciliations increases the risk of financial misstatements and reduces the ability to detect and address unauthorized transactions or errors promptly. This could impact the accuracy of financial reporting and weaken internal controls over cash management. Additionally, the City is responsible for an agency fund which increases the risk of undetected errors for money that does not belong to the City.

Recommendation: Management should implement a structured process to ensure that all bank reconciliations are completed within a defined timeframe. This may include assigning specific responsibilities, establishing monitoring procedures, and providing additional training or resources as necessary to improve efficiency.

2023-005: Preparation of Schedule of Expenditures of State Financial Assistance

Criteria: Florida Single Audit requirements require entities expending state funds to prepare an accurate and complete Schedule of Expenditures of State Financial Assistance (SEFA) to support the Single Audit process. The SEFA should properly classify state expenditures by CSFA number.

Condition: Management was unable to independently prepare an accurate SEFA without significant assistance. The initial schedule provided contained inaccuracies, including misclassified state expenditures.

Cause: A lack of internal expertise and training related to grant reporting requirements contributed to the inability to prepare the SEFA accurately. Additionally, insufficient documentation and reconciliation processes hindered management's ability to compile complete and accurate information.

Effect: The inability to prepare an accurate SEFA without auditor assistance increases the risk of noncompliance with reporting requirements and may result in audit findings or questioned costs. It also diminishes management's ability to oversee federal and state grant activity effectively.

Recommendation: Management should establish procedures to ensure the accurate and timely preparation of the SEFA. This may include providing training on federal and state grant reporting requirements, implementing reconciliation processes to verify completeness and accuracy, and/or contracting with outside assistance for SEFA preparation.

- C. State Financial Assistance Findings and Questioned Costs:** None.
- D. Summary Schedule of Prior Audit Findings:** Not applicable as no prior year findings were reported as part of a single audit.
- E. Corrective Action Plan:** See Management's Response to Findings as listed in the table of contents.

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

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

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

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

Basis for Opinion on Each Major 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; and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' 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 state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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 state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Chapter 10.550, Rules of the Auditor General, 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.

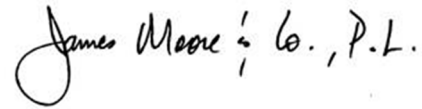
Report on Internal Control over Compliance

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, noncompliance with a type of compliance requirement of a state project 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 noncompliance with a type of compliance requirement of a state project 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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
June 16, 2025

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

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 High 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 16, 2025.

As discussed in the Independent Auditors' Report, the City has not implemented the provisions of GASB Statement No.75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the water and sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water and sewer fund, has not been determined.

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 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2023-001, 2023-002, 2023-003, 2023-004, and 2023-005, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below:

2023-006 Budgetary Compliance

The City's legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund. During our review we noted the following:

- General Fund general government exceeded final approved budget by \$989,228
- General Fund public safety exceeded final approved budget by \$136,879
- General Fund transportation exceeded final approved budget by \$163,210

As a result, the City was not in budgetary compliance. We recommend that the City analyze budget vs. actual results subsequent to year-end as the fiscal year is being closed out and determine the need for additional budget amendments to ensure budgetary compliance, as amendments may be approved by the City Commission up to 60 days after fiscal year-end.

Management'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 in the management's response as listed in the table of contents. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
June 16, 2025

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS REQUIRED
BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of High Springs, Florida (the City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 16, 2025.

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the water and sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water and sewer fund, has not been determined.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 16, 2025, 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. Comment 2023-001, 2023-002, 2023-006, and 2023-007 remain uncorrected from the second preceding audit report. The following is a summary of prior year recommendations:

2022-001 – Utility Billing Rates – Corrective action not taken. See repeat comment 2023-001.

2022-002 – Reconciliation of Account Balances and Audit Adjustments – Corrective action not taken. See repeat comment 2023-002.

2022-003 – Budgetary Compliance – Corrective action not taken. See repeat comment 2023-006.

2022-004 – Policies and Procedures – Corrective action not taken. See repeat comment 2023-007.

2022-005 – Unexpended Balance – Building Permits – Corrective action taken.

2022-006 – Debt Compliance – Corrective action not taken. See repeat comment 2023-009.

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 legal authority for the primary government and blended component unit of the reporting entity is disclosed in Note 1(a) of the basic financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's, financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 noted the following recommendations:

2023-007 Policies and Procedures

We noted the City has various accounting policies and procedures documented for internal purposes, but the only such policies to have been formally approved by the City Commission are the purchasing policy and the fund balance policy. As a best practice, we recommend these various policies be incorporated into a formal finance and accounting policy document and separate, standalone investment policy to be approved by the City Commission. Subsequently, such policies should also be reviewed every few years and updated, if necessary.

2023-008 Inventory Balance

During our testing of inventory balances, we noted that no formal inventory count was performed at fiscal year end. JMCo recommends a formal count be completed at each year end to ensure proper balance is recorded and no misappropriation of assets is occurring.

2023-009 Debt Compliance

During our testing of debt compliance requirements, we noted that the City is not in compliance with one of the Water & Sewer bonds requirements as the net revenue does not cover the administrative expenses in the fund. Additionally, we noted that management is not performing the covenant calculation. We recommend management calculate and monitor debt covenants and correct the noncompliance.

2023-010 Fund Classifications and Recording

During our overall testing, we noted instances of improper account coding and classification, particularly with activity partially recorded across multiple funds. We recommend the City review transactions to ensure proper fund accounting and transactions are recorded consistently for tracking purposes.

Special District Component Units

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

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the City of High Springs Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of each CRA.

Additional Matters


Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Management's Response to Findings

The City's responses to the findings identified in our audit are described in the letter titled Management's Response to the Auditor's Comments, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this 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 State grant agencies, the City Commission, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
June 16, 2025



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

We have examined the City of High Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2023. The City's 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 responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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 of City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

A handwritten signature in black ink that reads 'James Moore & Co., P.L.' The signature is written in a cursive style.

Gainesville, Florida
June 16, 2025

Management's Response to Findings

2023-001 Utility Billing Rates – Management agrees with this finding. The finding recognizes the cumulative effect of erroneous application of the CPI adjustment in prior years. Although the adjustment was applied correctly from the FY22 rates to the FY23 rates, an additional adjustment to correct prior years' misapplications was not made. This has been addressed in the subsequent year.

2023-002 Reconciliation of Account Balances and Audit Adjustments – Management agrees with this finding. Staffing and internal process adjustments have been implemented and reconciliations are being worked on weekly to ensure timely completion at month end. Timelines have been set for all postings to ensure transactions are posted promptly for accurate recordkeeping and to facilitate timely reconciliations.

2023-003 Timeliness of Year-End Close and Financial Reporting – Management agrees with this finding. Staff retained an accounting consultant to assist with revising the flawed chart of accounts that was partially implemented in early FY22. With that assistance and staff changes, we have been able to produce accurate financial statements and provide a clear path for timely financial reporting and audits going forward.

2023-004: Timeliness of Bank Reconciliations – Management agrees with this finding. As found in finding 2023-001 above, staffing and internal process adjustments have been implemented. Bank reconciliations are being worked on weekly to allow time for research, as need, to ensure timely completion of reconciliations at month end. Timelines have been set for all postings to ensure transactions are posted in the month that they occur for accurate recordkeeping and to facilitate timely bank reconciliations.

2023-005: Preparation of Schedule of Expenditures of State Financial Assistance – Management agrees with this finding. Staff developed a Grant Manual with assistance from the Florida Department of Emergency Management, and identified additional reporting resources to reconcile our grant transactions against. These steps and the updates to the general ledger that allow for improved tracking will mitigate this finding.

2023-006 Budgetary Compliance – Management agrees with this finding. Analysis of budget vs. actual and monitoring of invoices paid after year-end to enable appropriate budget amendments before November 30 each year. Revised processes and new staff for reconciliations will aid in this process.

2023-007 Policies and Procedures – Management has reviewed and revised several separate finance policies and will continue this work to finalize a comprehensive set of Financial Policies and Procedures to bring to the City Commission for approval. The City Credit Card Use Policy has been approved by the City Commission, staff has drafted a Grant Manual as mentioned above, and will develop a standalone investment policy instead of using the default State guidance.

2023-008 Inventory Balance – Management agrees and has implemented an annual inventory process, consistent with and in addition to that provided by 2 CFR 200 referenced in the new Grant Manual.

2023-009 Debt Compliance – Management has modified the general fund transfer to ensure required bond coverage in FY24 and focuses on long-term strategic planning to build the reserves in the proprietary funds as recommended by GFOA. This will be monitored annually to measure coverage.

2023-010 Fund Classifications and Recording – Management agrees that the purchases made with ARPA funds should be capitalized in the appropriate System of the organization and that did not happen for two APRA funded assets prior to audit. As part of the grants manual, and ARPA is an example of a federal grant, we will add policy and procedure language to reference the movement of grant funds to the System where the asset will reside to clearly track the grant funds while keeping the capital assets appropriately assigned to the System in which they are used.