

CITY OF GREEN COVE SPRINGS, FLORIDA

FINANCIAL STATEMENTS AND AUDITORS' REPORTS September 30, 2024



CITY COUNCIL

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Thomas Smith, Vice Mayor
Connie Butler
Matt Johnson
Edward Gaw*

CITY MANAGER

Steve Kennedy

CITY CLERK

Erin West

FINANCE DIRECTOR

Sue Wang

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 17 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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Green Cove Springs, Florida

INDEPENDENT AUDITOR'S REPORT

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

INDEPENDENT AUDITOR'S REPORT

statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion, or provide any assurance, on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Purvis Gray

May 28, 2025
Gainesville, Florida

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

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

Financial Highlights

- The City's assets (plus deferred outflows of resources) exceeded its liabilities (plus deferred inflows of resources) at the close of fiscal year 2024 by \$71,210,186 (net position). Of this amount, \$1,738,248 (unrestricted net position) may be used to meet the City's ongoing obligations down from \$2,784,382 in the previous year.
- The City's total net position increased by \$4,584,540 during the year or a 7% increase compared to the prior year net position. Net position for governmental activities increased by \$2,063,238 or 7% while the business-type activities' net position increased by \$2,521,301 or 7%.
- Total combined revenues resulting from governmental activities and business-type activities increased \$5,841,310 or 18% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities decreased \$390,222 or 1% when compared to the prior year.
- Previously reported net position was restated to reflect the establishment of a self-insured health plan internal service fund. See Note 17 of the notes to the financial statement for more information on this restatement.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,406,985 a decrease of \$854,017 or 38% for the year when compared to the previous year (as restated).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

CITY OF GREEN COVE SPRINGS, FLORIDA

Management's Discussion and Analysis

September 30, 2024

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's net position was \$71,210,186. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position by referring to the table of contents of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 4,593,593	\$ 7,067,207	\$ 22,796,583	\$ 14,692,050	\$ 27,390,176	\$ 21,759,257
Capital assets	33,408,759	29,703,624	56,510,891	52,548,853	89,919,650	82,252,477
Total assets	38,002,352	36,770,831	79,307,474	67,240,903	117,309,826	104,011,734
Deferred outflows	1,762,483	2,267,389	1,055,851	1,033,524	2,818,334	3,300,913
Current liabilities	1,254,783	3,115,338	5,103,548	3,514,950	6,358,331	6,630,288
Non-current liabilities	5,029,983	5,139,309	34,937,606	27,132,293	39,967,589	32,271,602
Total liabilities	6,284,766	8,254,647	40,041,154	30,647,243	46,325,920	38,901,890
Deferred inflows	2,128,367	1,602,488	463,687	182,623	2,592,054	1,785,111
Net position:						
Net investment in						
capital assets	32,087,672	28,645,624	30,945,763	28,656,850	63,033,435	57,302,474
Restricted	2,686,707	4,160,301	3,751,796	2,378,489	6,438,503	6,538,790
Unrestricted	(3,422,677)	(3,624,840)	5,160,925	6,409,222	1,738,248	2,784,382
Total net position	\$ 31,351,702	\$ 29,181,085	\$ 39,858,484	\$ 37,444,561	\$ 71,210,186	\$ 66,625,646

On September 30, 2024, approximately 89% of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding, compared to 78% for the prior year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 9% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 9% in the prior year. The remaining balance of unrestricted net position, \$1,738,248 or 2% of the City's net position in 2024 may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease in unrestricted net position of \$1,046,134 or 38% for the year.

CITY OF GREEN COVE SPRINGS, FLORIDA

Management's Discussion and Analysis

September 30, 2024

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

Statement of Activities (Summary)

For the year ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 1,330,574	\$ 1,262,894	\$ 21,851,559	\$ 20,710,163	\$ 23,182,133	\$ 21,973,057
Operating grants/contrib.	518,632	516,860	-	-	518,632	516,860
Capital grants/contrib.	310,674	1,831,788	1,459,624	462,098	1,770,298	2,293,886
<i>General revenues:</i>						
Property taxes	3,133,059	2,738,310	-	-	3,133,059	2,738,310
Sales taxes	2,402,856	2,207,183	-	-	2,402,856	2,207,183
Pub svc tax/franchise fees	1,014,360	752,889	-	-	1,014,360	752,889
Other taxes	19,485	35,060	-	-	19,485	35,060
Other intergovernmental revenue	2,861,895	1,233,530	-	-	2,861,895	1,233,530
State shared revenue	459,346	460,735	-	-	459,346	460,735
Other	181,902	174,300	2,962,181	279,027	3,144,083	453,327
Total revenues	12,232,783	11,213,549	26,273,364	21,451,288	38,506,147	32,664,837
Expenses:						
<i>Governmental activities:</i>						
General government	2,866,539	3,073,080	-	-	2,866,539	3,073,080
Public safety	4,950,955	4,521,018	-	-	4,950,955	4,521,018
Transportation	2,249,833	1,818,156	-	-	2,249,833	1,818,156
Physical environment	517,380	420,046	-	-	517,380	420,046
Culture and recreation	1,400,896	1,295,289	-	-	1,400,896	1,295,289
Interest on long-term debt	37,942	22,947	-	-	37,942	22,947
<i>Business-type activities:</i>						
Electric	-	-	13,463,092	15,361,278	13,463,092	15,361,278
Water	-	-	2,962,039	2,894,941	2,962,039	2,894,941
Sewer	-	-	3,534,115	3,322,756	3,534,115	3,322,756
Solid waste	-	-	1,080,213	1,146,173	1,080,213	1,146,173
Stormwater	-	-	858,603	436,145	858,603	436,145
Total expenses	12,023,545	11,150,536	21,898,062	23,161,293	33,921,607	34,311,829
Transfers in (out)	1,854,000	1,204,275	(1,854,000)	(1,204,275)	-	-
Change in Net Position	2,063,238	1,267,288	2,521,302	(2,914,280)	4,584,540	(1,646,992)
Net position - Beginning	29,181,085	28,374,610	37,444,561	40,631,624	66,625,646	69,006,234
Restatement	107,379	(460,813)	(107,379)	(272,783)	-	(733,596)
Net position - Ending	\$ 31,351,702	\$ 29,181,085	\$ 39,858,484	\$ 37,444,561	\$ 71,210,186	\$ 66,625,646

Governmental activities

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

During 2024, governmental activities net position increased by \$2,063,238 compared to an increase in 2023 of \$1,267,288, which was an improvement of \$795,950 or 63%. However, this required transfers from business-type activities of \$1,854,000 in 2024 and \$1,204,275 in 2023 to achieve these results. Overall, total revenues-governmental activities were up \$1,019,234 or 9% while total expenses were up \$873,009 or 8%. Following are key changes in the statement of activities from 2023 to 2024:

- Capital grants and contributions decreased by approximately \$1,521,000 or 83% due to completion of the Palmetto Avenue construction funded by Department of Transportation.
- Property tax revenue increased by approximately \$395,000 or 8% due to 9.97% increase in taxable property value in 2024. Another contributing factor is the increase in millage rate from 4.5 in 2023 to 4.7 in 2024.
- Public service tax and franchise fee revenue increased by approximately \$260,000 or 33% due to adjustments of prior year receipts from Clay Electric and increase in Communications Service tax distribution from the State in 2024.
- Sales taxes increased by approximately \$195,000 or 7% due to increased 7th Cent surtax distribution and increased ½ cent local sales tax thanks to more economic activities in 2024.
- Other intergovernmental revenue increased by approximately \$1,628,000 or 96% due to spending down of the ARPA fund in 2024.
- Remaining general and program revenues decreased by \$60,090 or 2% for various reasons.

On the expense side, significant changes were as follows:

- General government expenses decreased by approximately \$206,500 or 7% in 2024 compared to 2023 mainly due to improved compensated absence (approximately \$172,000) and net pension liability adjustment (approximately \$91,000) in 2024 and effort from the general government departments to manage expenditures in 2024.
- Public safety expenses increased by approximately \$430,000 or 10% in 2024 compared to 2023. The main cause of this increase is due to increase in payroll and payroll related expenses and miscellaneous operating expenses in 2024.
- Transportation expenses increased by approximately \$431,600 or 24% in 2024 compared to 2023. The main cause of this increase is due to increase in payroll and payroll related expenses, street maintenance, operating supplies and miscellaneous expenses.
- Remaining functional expenses increased by \$217,936 or 13% in 2024 compared to 2023 primarily due to fluctuations across a wide range of diverse expense categories.

Business-type activities

Business-type activities experienced an increase in net position of \$2,521,302 compared to a decrease of \$2,914,280 in the prior year, an improvement of \$5,435,582 or 187%. This is after the transfer supporting governmental activities discussed above.

- Revenues increased \$4,822,076 or 22% from 2023 to 2024, and expenses decreased by \$1,263,231 or 5%. The increase in revenue is mainly due to the settlement with the Surety for the Harbor Road Wastewater Plant construction, contribution from the Rookery subdivision development, Florida Job Growth Infrastructure Grant and CDBG grant, and rate increases in Electric, Water, Wastewater and Stormwater services. Power costs in the City's Electric Fund were down approximately \$1,642,490 or 16%. The City adopted the recommendation of the 2023 rate study and increased the power cost in the base rate by 2 cents. A delay in the adoption of this power cost increase in the base rate led to an over-recovery of about \$1,500,000 in the Electric Fund in 2024 and the overall over-recovery of about \$2,000,000. The City Council passed a resolution setting aside \$1,000,000 of the over-recovered funds as the general Electric Fund reserves to be available for capital repair and replacement needs, 500,000 to repay a portion of the FY23 interfund loan of \$1,245,000 from the Electric Fund to the General fund, and \$500,000 for PCA fluctuations.
- Charges for services revenue increased by approximately \$1,141,400 or 6% mainly due to rate increases with Stormwater and Wastewater services.
- Capital grants and contributions increased by approximately \$997,500 or 216% mainly due to contribution from the developer for Rookery subdivision, Florida Job Growth Infrastructure Grant and CDBG grant in 2024.
- Total expenses decreased by approximately \$1,263,000 or 5%, due to a myriad of reasons but mainly because of decreased power costs as discussed above. The decrease in power cost expense was partially offset by the following:
 - Sewer expenses increased by approximately \$211,359 or 6% due to increased cost recovery and miscellaneous operating expense in 2024.
 - Stormwater expenses increased by approximately \$422,500 or 97% due to debt service payment on the revenue note taken out in December 2023.
- Operating income for all business-type activities for 2024 was \$585,624 or 3% of operating revenue compared to 2023 operating loss of \$2,243,529 which represented -11% of operating revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$1,406,985. Of this amount, \$253,691 is non-spendable, \$1,084,944 is legally restricted for specific purposes, and unassigned fund balance \$68,341. Following is a discussion of individual major governmental fund.

General Fund. The General Fund is the chief operating fund of the City. At year end, unassigned and assigned fund balance of the General Fund was \$183,700 and total fund balance was \$1,352,710.

In the General Fund, the change in fund balance for the year went from an decrease of \$324,313 in 2023 to a decrease of \$738,475 in 2024 for a deterioration of \$414,162. Following is a summary of the notable changes from 2023 to 2024:

- Revenues are up \$2,348,803 or 23% due to the following:
 - The revenue category that was up the most was intergovernmental revenue, which increased \$1,586,147 or 32% due to spending down of the ARPA fund.
 - Taxes revenue increased by approximately \$659,000 or 16% due to increase in ad valorem taxes and a catch-up payment from Clay Electric for prior year franchise receipts.
 - The remaining revenue categories increased by approximately \$103,400 or 8% for various fluctuations across a wide range of diverse revenue categories.
- Expenditures increased by approximately \$3,290,800 or 27% due to the following:
 - Public safety expenditures increased by approximately \$559,000 or 13% due to increases in payroll and payroll related expenses.
 - Transportation expenditures increased by approximately \$366,000 or 30% due to payroll and payroll related expenses and increases in Street Maintenance, Operating Supplies and other miscellaneous operating expenses.
 - Capital outlay expenditures increased by approximately \$2,124,075 or 60% due to the Walnut Street construction project in 2024.
 - The remaining functional expenditures increased by approximately \$241,200 or 7% for various fluctuations across a wide range of diverse expenditure categories.

Proprietary Funds. The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and is in more detail. The City's proprietary funds consist of five enterprise funds, four of which are reported as major funds, up from three major enterprise funds in the prior year. An overall picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2023 to 2024, by major fund:

- In the Electric Fund, the change in net position improved from a decrease of \$2,001,439 in 2023 to an increase of \$122,114 in 2024, an improvement of approximately \$2,123,500 or 106%. The improvement was due to rate increase in 2024, improved net pension liability adjustment in 2024, capital contribution from the Rookery Subdivision development and Florida Job Growth Infrastructure Grant.

- In the Water Fund, the change in net position improved slightly from a decrease of \$814,523 in 2023 to a decrease of \$779,838 in 2023, an improvement of \$34,685 or 4%. The improvement was due to a water rate increase, and improved pension liability adjustment partially offset by increases in line maintenance and other operating expenses.
- In the Sewer Fund, the change in net position improved from a decrease of \$17,102 in 2023 to an increase of \$2,076,135 in 2023, an improvement of \$2,093,237. The improvement was due to the settlement with the Surety for the Harbor Road Wastewater plant construction, rate increase in 2024, and improved pension liability adjustment partially offset by increases in lift station repair and other operating expenses.
- The stormwater fund was previously reported as a non-major enterprise fund whose change in net position improved from an increase of \$334,587 in 2023 to an increase of \$1,045,892 in 2024, an improvement of \$711,305. The improvement was due to a rate increase in 2024.

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

This pension plan reported \$10,686,258 of net position restricted for pension benefits on September 30, 2024. This is an increase of \$2,185,330 or 26% for the year. The pension plan reported a net investment income of \$622,570 for 2023 compared to a net investment income of \$1,695,323 in 2024.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budgetary comparison schedule can be found in the "Required Supplementary Information" section of the financial statements. As shown on that schedule, the original 2024 General Fund budget anticipated using \$1,909,472 of beginning fund balance during 2024. The original budget was amended increasing budgeted revenue and expenditures by \$1,176,936 due to differences between the original estimate and actual results.

Actual results for 2024 decreased beginning fund balance by \$738,475 which is \$1,170,997 better than the budget forecasted. Actual revenues came in \$239,684 or 2% less than the final amended budget. Expenditures came in \$505,937 or 3% less than the final amended budget, spread across all departments. Actual other financing sources and uses, net were \$904,744 more than the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, totals \$89,919,650 (net of accumulated depreciation), an increase of \$7,667,173 for the current year. Governmental activities' net additions were \$5,647,995 and depreciation expense was \$1,942,860 for a net increase of \$3,705,135. Business-type net additions were \$7,369,207 and depreciation expense was \$3,407,169 for a net increase of \$3,962,038.

CITY OF GREEN COVE SPRINGS, FLORIDA
Management's Discussion and Analysis
September 30, 2024

Following is a schedule of capital assets at the end of the current and prior year:

Capital Assets Activity (net of accumulated depreciation) as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 8,015,952	\$ 8,015,952	\$ 227,136	\$ 227,136	\$ 8,243,088	\$ 8,243,088
Buildings and improvements	27,934,555	24,169,054	70,443,105	69,357,807	98,377,660	93,526,861
Equipment	5,324,866	4,674,878	13,368,321	13,813,230	18,693,187	18,488,108
Infrastructure	11,829,555	11,829,555	-	-	11,829,555	11,829,555
Subscription assets	193,314	-	-	-	193,314	-
Right to use leased equipment	-	-	562,487	-	562,487	-
Construction in progress	899,226	60,123	20,563,791	14,382,148	21,463,017	14,442,271
Accumulated Depreciation	(20,788,709)	(19,045,938)	(48,653,949)	(45,231,468)	(69,442,658)	(64,277,406)
Total	<u>\$ 33,408,759</u>	<u>\$ 29,703,624</u>	<u>\$ 56,510,891</u>	<u>\$ 52,548,853</u>	<u>\$ 89,919,650</u>	<u>\$ 82,252,477</u>

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

Long-term obligations. At the end of the current fiscal year, the City's long-term obligations totaled \$39,967,589 compared to \$32,271,602 at the end of 2023. Long-term obligations include long-term debt, subscriptions payable, leases payable, other post-employment benefit liability, net pension liabilities and accumulated compensated absences. Long-term debt consists of bonds and notes.

Long-Term Obligations as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Bonds and notes payable	\$ 988,292	\$ 1,058,000	\$ 30,689,300	\$ 23,206,105	\$ 31,677,592	\$ 24,264,105
Subscriptions payable	139,351	-	-	-	139,351	-
Leases payable	-	-	589,000	-	589,000	-
Other post employment benefits	281,093	237,189	235,254	199,260	516,347	436,449
Net pension liability	2,936,740	3,129,171	2,987,706	3,178,053	5,924,446	6,307,224
Compensated absences	684,507	714,949	436,346	548,875	1,120,853	1,263,824
Total	<u>\$ 5,029,983</u>	<u>\$ 5,139,309</u>	<u>\$ 34,937,606</u>	<u>\$ 27,132,293</u>	<u>\$ 39,967,589</u>	<u>\$ 32,271,602</u>

At the end of the current fiscal year, the City's *long-term debt* totaled \$31,677,592, compared to the balance of \$24,264,105 at the end of 2023, an increase of \$7,413,487 or 31%. Of the year-end balance, \$988,292 was in governmental activities and \$30,689,300 was in business-type activities. The net increase in long-term debt for 2024 was attributable to increased borrowing for sewer and stormwater system improvements, leases issued and subscription agreements executed which was partially offset by scheduled principal payments and amortization of bond discounts and deferred refunding losses.

CITY OF GREEN COVE SPRINGS, FLORIDA**Management's Discussion and Analysis****September 30, 2024**

Long-term obligations other than long-term debt consist of obligations related to the total OPEB liability, accrued compensated absences and net pension liabilities. At the end of the current fiscal year, the City's long-term obligations other than long-term debt totaled \$8,289,997 compared to \$8,007,497 at the end of 2023. Of the year-end balance, \$4,041,691 was in governmental activities and \$4,248,306 was in business-type activities. The total OPEB liability increased by \$79,898 during 2024 and the net pension liabilities decreased by \$382,778 (excluding the increase in the net pension asset of \$926,091 during 2024).

REQUEST FOR INFORMATION

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

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Net Position

September 30, 2024

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Equity in pooled cash and investments	\$ 1,532,319	\$ 8,526,960	\$ 10,059,279
Receivables, current:			
Customer accounts, net	6,421	2,560,911	2,567,332
Intergovernmental and other	1,339,822	391,705	1,731,527
Lease receivable	256,031	-	256,031
Accrued income	423	-	423
Inventory and prepaids	253,691	2,879,457	3,133,148
Net pension asset	1,629,007	-	1,629,007
Internal balances	(690,372)	690,372	-
Restricted assets:			
Equity in pooled cash and cash equivalents	266,251	7,747,178	8,013,429
Capital assets:			
Non-depreciable	8,915,178	20,790,927	29,706,105
Depreciable, net	24,493,581	35,719,964	60,213,545
TOTAL ASSETS	38,002,352	79,307,474	117,309,826
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,678,366	986,888	2,665,254
Deferred outflows related to OPEB	84,117	68,963	153,080
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,762,483	1,055,851	2,818,334
LIABILITIES			
Accounts payable and accrued expenses	452,453	1,784,544	2,236,997
Construction costs payable	193,444	447,613	641,057
Accrued wages	291,503	112,586	404,089
Due to other governments	2,114	48,375	50,489
Unearned revenue - power cost overrecovery	311,000	591,192	902,192
Accrued interest payable	4,269	54,268	58,537
Customer deposits	-	1,064,970	1,064,970
Unearned revenue - rate stabilization	-	1,000,000	1,000,000
Long-term obligations:			
Due within one year	469,665	1,516,186	1,985,851
Due in more than one year	4,560,318	33,421,420	37,981,738
TOTAL LIABILITIES	6,284,766	40,041,154	46,325,920
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,733,604	344,045	2,077,649
Deferred inflows related to OPEB	143,717	119,642	263,359
Deferred inflows related to leases	251,046	-	251,046
Total deferred inflows of resources	2,128,367	463,687	2,592,054
NET POSITION			
Net investment in capital assets	32,087,672	30,945,763	63,033,435
Restricted for:			
Building code enforcement	165,532	-	165,532
Debt service	55,954	830,126	886,080
Capital projects - transportation	268,757	-	268,757
Capital projects - infrastructure surtax	406,770	-	406,770
Transportation - operations and capital	19,381	-	19,381
Law enforcement expenditures	141,306	-	141,306
Pension benefits	1,629,007	-	1,629,007
System improvements	-	2,921,670	2,921,670
Unrestricted	(3,422,677)	5,160,925	1,738,248
TOTAL NET POSITION	\$ 31,351,702	\$ 39,858,484	\$ 71,210,186

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Activities

For the year ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 2,866,539	\$ 138,302	\$ -	\$ 61,910	\$ (2,666,327)	\$ -	\$ (2,666,327)
Public safety	4,950,955	990,492	38,083	169,476	(3,752,904)	-	(3,752,904)
Physical environment	517,380	3,407	-	17,706	(496,267)	-	(496,267)
Transportation	2,249,833	-	480,549	22,975	(1,746,309)	-	(1,746,309)
Culture and recreation	1,400,896	198,373	-	38,607	(1,163,916)	-	(1,163,916)
Interest on long-term debt	37,942	-	-	-	(37,942)	-	(37,942)
Total governmental activities	12,023,545	1,330,574	518,632	310,674	(9,863,665)	-	(9,863,665)
Business-type activities							
Electric	13,463,092	13,634,055	-	1,105,919	-	1,276,882	1,276,882
Water	2,962,039	2,191,452	-	28,515	-	(742,072)	(742,072)
Wastewater	3,534,115	3,705,563	-	50,000	-	221,448	221,448
Sanitation	1,080,213	930,551	-	-	-	(149,662)	(149,662)
Stormwater	858,603	1,389,938	-	275,190	-	806,525	806,525
Total business-type activities	21,898,062	21,851,559	-	1,459,624	-	1,413,121	1,413,121
TOTAL PRIMARY GOVERNMENT	\$ 33,921,607	\$ 23,182,133	\$ 518,632	\$ 1,770,298	\$ (9,863,665)	\$ 1,413,121	\$ (8,450,544)
GENERAL REVENUES							
Taxes:							
Property taxes					3,133,059	-	3,133,059
Sales taxes					2,402,856	-	2,402,856
Public service taxes					599,011	-	599,011
Franchise and utility taxes					415,349	-	415,349
Other taxes					19,485	-	19,485
State shared revenue					459,346	-	459,346
Other intergovernmental revenues					2,861,895	34,000	2,895,895
Investment earnings (loss)					120,425	542,870	663,295
Miscellaneous					26,194	2,377,562	2,403,756
Gain (loss) on disposal of capital assets					35,283	7,749	43,032
TRANSFERS					1,854,000	(1,854,000)	-
Total general revenues and transfers					11,926,903	1,108,181	13,035,084
CHANGE IN NET POSITION					2,063,238	2,521,302	4,584,540
NET POSITION, beginning of year					29,181,085	37,444,561	66,625,646
Restatement (Note 17)					107,379	(107,379)	-
NET POSITION, beginning of year, as restated					29,288,464	37,337,182	66,625,646
NET POSITION, end of year					\$ 31,351,702	\$ 39,858,484	\$ 71,210,186

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Balance Sheet – Governmental Funds

September 30, 2024

	General Fund	Non-major Governmental Funds	Total
ASSETS			
Equity in pooled cash and investments	\$ 1,532,310	\$ 206,037	\$ 1,738,347
Receivables, net			
Customer accounts, net	6,421	-	6,421
Intergovernmental and other	1,339,822	-	1,339,822
Leases	256,031	-	256,031
Accrued income	423	-	423
Inventory	68,245	-	68,245
Prepaid expenditures	185,446	-	185,446
Due from other funds	54,628	-	54,628
Restricted assets:			
Cash and cash equivalents	60,223	-	60,223
TOTAL ASSETS	\$ 3,503,549	\$ 206,037	\$ 3,709,586
LIABILITIES			
Accounts payable	424,420	28,033	452,453
Construction costs payable	193,444	-	193,444
Accrued personnel liabilities	169,888	121,615	291,503
Due to other governments	-	2,114	2,114
Due to other funds	745,000	-	745,000
Unearned revenue	311,000	-	311,000
TOTAL LIABILITIES	1,843,752	151,762	1,995,514
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	56,041	-	56,041
Leases	251,046	-	251,046
TOTAL DEFERRED INFLOWS OF RESOURCES	307,087	-	307,087
FUND BALANCE			
Nonspendable:			
Inventory	68,245	-	68,245
Prepays	185,446	-	185,446
Restricted for:			
Building code enforcement	-	165,532	165,532
Debt service	60,223	-	60,223
Capital projects - transportation	268,757	-	268,757
Capital projects - infrastructure surtax	406,770	-	406,770
Capital projects - mobility improvements	22,975	-	22,975
Transportation - operations and capital	19,381	-	19,381
Law enforcement expenditures	137,213	4,093	141,306
Assigned to:			
Capital improvements	-	9	9
Unassigned	183,700	(115,359)	68,341
TOTAL FUND BALANCES	1,352,710	54,275	1,406,985
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,503,549	\$ 206,037	\$ 3,709,586

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDAReconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2024

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,406,985
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	33,408,759
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities	56,041
The net pension assets are not current financial resources and therefore are not reported in the governmental funds.	1,629,007
Deferred outflows of resources represent an consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	1,762,483
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(1,877,321)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(4,269)
Long-term liabilities (including bonds and notes payable, compensated absences liability, estimated workers' compensation claims, OPEB obligation, and net pension liabilities) are not due and payable in the current period and, therefore, are not reported in the governmental funds. This is the amount of the long-term obligations	(5,029,983)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 31,351,702

CITY OF GREEN COVE SPRINGS, FLORIDA**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**

For the year ended September 30, 2024

	General Fund	Non-major Governmental Funds	Total
REVENUES:			
Taxes	\$ 4,682,906	\$ -	\$ 4,682,906
Licenses and permits	88,511	401,417	489,928
Intergovernmental revenue	6,569,163	-	6,569,163
Charges for services	199,582	-	199,582
Fines and forfeitures	755,739	-	755,739
Investment income	125,052	-	125,052
Other	164,899	4,415	169,314
Total revenues	<u>12,585,852</u>	<u>405,832</u>	<u>12,991,684</u>
EXPENDITURES:			
General government	2,132,620	-	2,132,620
Public safety	4,808,099	406,015	5,214,114
Physical environment	280,529	-	280,529
Transportation	1,598,947	115,359	1,714,306
Culture/recreation	731,113	-	731,113
Capital outlay	5,657,703	-	5,657,703
Debt service	133,060	240,906	373,966
Total expenditures	<u>15,342,071</u>	<u>762,280</u>	<u>16,104,351</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,756,219)</u>	<u>(356,448)</u>	<u>(3,112,667)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,854,000	240,906	2,094,906
Transfers (out)	(240,906)	-	(240,906)
Subscriptions issued	193,314	-	193,314
Loan proceeds	211,336	-	211,336
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,017,744</u>	<u>240,906</u>	<u>2,258,650</u>
NET CHANGE IN FUND BALANCE	<u>(738,475)</u>	<u>(115,542)</u>	<u>(854,017)</u>
FUND BALANCE, previously reported	1,983,806	169,817	2,153,623
RESTATEMENT (Note 17)	107,379	-	107,379
FUND BALANCE, beginning of year as restated	<u>2,091,185</u>	<u>169,817</u>	<u>2,261,002</u>
FUND BALANCE, end of year	<u>\$ 1,352,710</u>	<u>\$ 54,275</u>	<u>\$ 1,406,985</u>

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances –

Governmental Funds to the Statement of Activities

For the year ended September 30, 2024

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(854,017)
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount of capital assets recorded in the current period.	5,647,995
This is the amount of depreciation recorded in the current period.	(1,942,860)

Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion	(758,902)
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Long-term obligations including bonds and notes payable, compensated absences and other post-employment benefit obligations are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:

This is the repayment of bond principal reported as expenditures in governmental funds.	281,044
This is the current year proceeds from borrowings	(211,336)
This is the amount of subscription agreements issued during the year.	(193,314)
This is the repayment of subscriptions payable made during the year.	53,963
This is the change in accrued interest payable on long-term obligations.	1,017
This is the change in accrued compensated absences during the year.	30,442

Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:

This amount represents the change in deferred inflows related to OPEB.	(53,982)
This amount represents the change in deferred outflows related to OPEB.	84,117
This amount represents the change in the total OPEB liability.	(43,904)

Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental finds:

This amount represents the change in deferred inflows related to pensions.	(506,524)
This amount represents the change in deferred outflows related to pensions.	(589,023)
This amount represents the change in the net pension liability (asset).	1,118,522

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	2,063,238
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CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Net Position – Proprietary Funds

September 30, 2024

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds	Total	
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 2,016,030	\$ 1,526,475	\$ 4,271,166	\$ 111,215	\$ -	\$ 7,924,886	\$ 602,074
Receivables:							
Customers, net	1,845,058	197,732	373,246	29,899	78,381	2,524,316	36,595
Intergovernmental and other	42,277	-	-	349,428	-	391,705	-
Inventory and prepaids	2,646,676	203,461	29,320	-	-	2,879,457	-
Due from other funds	745,000	-	-	-	-	745,000	-
Total current assets	7,295,041	1,927,668	4,673,732	490,542	78,381	14,465,364	638,669
Noncurrent assets:							
Restricted assets:							
Equity in pooled cash and investments	915,488	89,265	38,443	6,703,982	-	7,747,178	-
Capital assets:							
Non-depreciable	-	205,670	16,370,246	4,215,011	-	20,790,927	-
Depreciable, net	16,716,852	5,600,381	11,893,393	1,119,092	341,736	35,671,454	48,510
Total noncurrent assets	17,632,340	5,895,316	28,302,082	12,038,085	341,736	64,209,559	48,510
Total assets	24,927,381	7,822,984	32,975,814	12,528,627	420,117	78,674,923	687,179
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	392,703	175,533	167,290	26,215	114,477	876,218	110,670
Deferred outflows related to OPEB	17,235	15,970	14,582	2,075	10,578	60,440	8,523
Total deferred outflows of resources	409,938	191,503	181,872	28,290	125,055	936,658	119,193

Continued...

See Accompanying Notes to Financial Statements

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

September 30, 2024

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	885,126	41,436	471,350	43,744	7,731	1,449,387	335,157
Construction costs payable	-	-	-	447,613	-	447,613	-
Due to other governments	-	-	-	48,375	-	48,375	-
Accrued personnel liabilities	39,194	20,066	22,613	2,954	12,479	97,306	15,280
Unearned revenue - power cost overrecovery	591,192	-	-	-	-	591,192	-
Due to other funds	-	-	-	-	54,628	54,628	-
Compensated absences	28,861	33,105	33,105	1,235	17,116	113,422	17,483
Bonds and notes payable, current	733,000	176,472	129,366	291,000	55,443	1,385,281	-
Total current liabilities	<u>2,277,373</u>	<u>271,079</u>	<u>656,434</u>	<u>834,921</u>	<u>147,397</u>	<u>4,187,204</u>	<u>367,920</u>
Noncurrent liabilities:							
Liabilities payable from restricted assets:							
Interest payable	30,570	19,647	4,051	-	-	54,268	-
Customer deposits	712,817	98,767	201,055	150	52,181	1,064,970	-
Unearned revenue - rate stabilization	1,000,000	-	-	-	-	1,000,000	-
Compensated absences	67,339	77,246	77,246	2,878	39,939	264,648	40,793
Post employment obligation payable	58,810	53,780	47,870	7,252	38,087	205,799	29,455
Net pension liability	1,189,100	531,322	506,078	79,448	346,748	2,652,696	335,010
Bonds and notes payable, noncurrent portion	6,332,000	803,540	13,902,479	8,855,000	-	29,893,019	-
Total noncurrent liabilities	<u>9,390,636</u>	<u>1,584,302</u>	<u>14,738,779</u>	<u>8,944,728</u>	<u>476,955</u>	<u>35,135,400</u>	<u>405,258</u>
Total liabilities	<u>11,668,009</u>	<u>1,855,381</u>	<u>15,395,213</u>	<u>9,779,649</u>	<u>624,352</u>	<u>39,322,604</u>	<u>773,178</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	135,709	61,636	60,251	8,710	38,987	305,293	38,752
Deferred inflows related to OPEB	29,907	27,442	24,589	3,665	19,109	104,712	14,930
Deferred inflows related to leases	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>165,616</u>	<u>89,078</u>	<u>84,840</u>	<u>12,375</u>	<u>58,096</u>	<u>410,005</u>	<u>53,682</u>
NET POSITION							
Net investment in capital assets	9,651,852	4,826,039	14,231,794	1,901,275	286,293	30,897,253	48,510
Restricted for:							
Debt retirement	182,918	69,618	34,392	543,198	-	830,126	-
Utility system improvements (expendable)	990,267	703,072	1,228,331	-	-	2,921,670	-
Unrestricted	<u>2,678,657</u>	<u>471,299</u>	<u>2,183,116</u>	<u>320,420</u>	<u>(423,569)</u>	<u>5,229,923</u>	<u>(68,998)</u>
Total net position	<u>\$ 13,503,694</u>	<u>\$ 6,070,028</u>	<u>\$ 17,677,633</u>	<u>\$ 2,764,893</u>	<u>\$ (137,276)</u>	<u>39,878,972</u>	<u>\$ (20,488)</u>
Cumulative adjustment to reflect consolidation of internal service fund activities						(20,488)	
Net position, business-type activities						<u>\$ 39,858,484</u>	

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
For the year ended September 30, 2024

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds	Total	
OPERATING REVENUES:							
Charges for services	\$ 13,634,055	\$ 2,191,452	\$ 3,705,563	\$ 1,389,938	\$ 930,551	\$ 21,851,559	\$ 2,661,011
Total operating income	13,634,055	2,191,452	3,705,563	1,389,938	930,551	21,851,559	2,661,011
OPERATING EXPENSES:							
Personnel services	1,698,946	1,029,262	1,039,677	128,338	611,897	4,508,120	588,107
Purchased power	8,676,276	-	-	-	-	8,676,276	-
Operating expenses	1,677,691	1,194,496	1,306,979	118,946	386,859	4,684,971	1,841,903
Depreciation	1,280,015	713,852	1,173,638	151,597	77,466	3,396,568	10,601
Total operating expenses	13,332,928	2,937,610	3,520,294	398,881	1,076,222	21,265,935	2,440,611
OPERATING INCOME (LOSS)	301,127	(746,158)	185,269	991,057	(145,671)	585,624	220,400
NONOPERATING REVENUE (EXPENSE)							
Investment income (loss)	215,206	51,046	49,556	205,367	21,695	542,870	1,513
Interest expense	(130,164)	(24,429)	(13,821)	(459,722)	(3,991)	(632,127)	-
Intergovernmental	-	-	-	34,000	-	34,000	-
Gain (loss) on disposal of property	6,530	1,219	-	-	-	7,749	-
Other, net	109,496	29,969	2,005,131	-	11,053	2,155,649	-
Total nonoperating revenues (expense)	201,068	57,805	2,040,866	(220,355)	28,757	2,108,141	1,513
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	502,195	(688,353)	2,226,135	770,702	(116,914)	2,693,765	221,913
CAPITAL CONTRIBUTIONS							
Capital grants and contributions	1,105,919	-	-	275,190	-	1,381,109	-
Impact fees	-	28,515	50,000	-	-	78,515	-
Total capital contributions	1,105,919	28,515	50,000	275,190	-	1,459,624	-
TRANSFERS IN (OUT)	(1,486,000)	(120,000)	(200,000)	-	(48,000)	(1,854,000)	-
CHANGE IN NET POSITION	122,114	(779,838)	2,076,135	1,045,892	(164,914)	2,299,389	221,913
NET POSITION, beginning of year	13,381,580	6,849,866	15,601,498	-	1,746,639	37,579,583	(135,022)
Restatement (Note 17)	-	-	-	1,719,001	(1,719,001)	-	(107,379)
NET POSITION, beginning of year, as restated	13,381,580	6,849,866	15,601,498	1,719,001	27,638	37,579,583	(242,401)
NET POSITION, end of year	\$ 13,503,694	\$ 6,070,028	\$ 17,677,633	\$ 2,764,893	\$ (137,276)	\$ 39,878,972	\$ (20,488)
Change in enterprise funds' net position						\$ 2,299,389	
Adjustment to reflect consolidation of internal service fund activities						221,913	
Change in net position of business-type activities						\$ 2,521,302	

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Cash Flows – Proprietary Funds

For the year ended September 30, 2024

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	\$ 14,282,583	\$ 2,168,089	\$ 3,739,179	\$ 1,386,447	\$ 914,257	\$ 22,490,555	\$ 2,624,416
Payments to suppliers	(11,515,589)	(1,195,637)	(904,449)	(104,002)	(380,979)	(14,100,656)	(1,614,992)
Payments for salaries and benefits	(1,655,335)	(1,036,090)	(1,040,693)	(124,531)	(655,904)	(4,512,553)	(568,846)
Net cash flows from operating activities	1,111,659	(63,638)	1,794,037	1,157,914	(122,626)	3,877,346	440,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers to other funds, net of interfund borrowing activity	(986,000)	(120,000)	(200,000)	-	6,628	(1,299,372)	-
Operating grants	-	-	-	34,000	-	34,000	-
Increase (decrease) in deposits	69,659	14,650	137,323	-	5,900	227,532	-
Net cash flows from noncapital financing activities	(916,341)	(105,350)	(62,677)	34,000	12,528	(1,037,840)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets, net of related payables	(143,942)	(120,457)	(2,866,189)	(4,266,995)	(203,438)	(7,601,021)	(6,471)
Loan proceeds	-	-	-	9,146,000	-	9,146,000	-
Principal paid on notes, bonds and lease obligations	(720,000)	(172,075)	(13,903)	-	(53,186)	(959,164)	-
Interest paid on borrowings and other debt costs	(133,280)	(17,773)	(128,544)	(459,722)	(3,991)	(743,310)	-
Proceeds from the sale of assets	6,530	1,219	-	-	-	7,749	-
Capital contributions and impact fees received, net of change in related receivables	1,105,919	28,515	50,000	-	-	1,184,434	-
Net cash flows from capital and related financing activities	115,227	(280,571)	(2,958,636)	4,419,283	(260,615)	1,034,688	(6,471)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on invested funds	215,206	51,046	49,556	205,367	21,695	542,870	1,513
Other income	109,496	29,969	2,005,131	-	11,053	2,155,649	-
Net cash flows from investing activities	324,702	81,015	2,054,687	205,367	32,748	2,698,519	1,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	635,247	(368,544)	827,411	5,816,564	(337,965)	6,572,713	435,620
CASH AND CASH EQUIVALENTS, beginning of year	2,296,271	1,984,284	3,482,198	998,633	337,965	9,099,351	166,454
CASH AND CASH EQUIVALENTS, end of year	\$ 2,931,518	\$ 1,615,740	\$ 4,309,609	\$ 6,815,197	\$ -	\$ 15,672,064	\$ 602,074
As shown in the Accompanying Financial Statements							
Equity in cash and investments	\$ 2,016,030	\$ 1,526,475	\$ 4,271,166	\$ 111,215	\$ -	\$ 7,924,886	\$ 602,074
Restricted equity in cash and investments	915,488	89,265	38,443	6,703,982	-	7,747,178	-
Total cash and cash equivalents	\$ 2,931,518	\$ 1,615,740	\$ 4,309,609	\$ 6,815,197	\$ -	\$ 15,672,064	\$ 602,074

Continued...

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)

For the year ended September 30, 2024

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Stormwater Fund	Non-major Funds	Total	
Noncash financing and investing activities:							
Construction payable removed from capital assets	\$ -	\$ -	\$ 685,898	\$ -	\$ -	\$ 685,898	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 301,127	\$ (746,158)	\$ 185,269	991,057	\$ (145,671)	\$ 585,624	\$ 220,400
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	1,280,015	713,852	1,173,638	151,597	77,466	3,396,568	10,601
(Increase) decrease in inventory and prepaids	(967,537)	26,265	(18,435)	-	-	(959,707)	-
(Increase) decrease in accounts receivable	(369,804)	(23,363)	(58,630)	(3,491)	(16,294)	(471,582)	(36,595)
Increase (decrease) in accounts payable	(194,085)	(27,406)	420,965	17,194	5,880	222,548	226,911
Increase (decrease) in accrued wages and compensated absences	4,204	(26,172)	(19,927)	1,160	(56,182)	(96,917)	7,361
(Increase) decrease in OPEB related deferred outflows	(17,235)	(15,970)	(14,582)	(2,075)	(10,578)	(60,440)	(8,523)
Increase (decrease) in the total OPEB liability	8,996	8,335	7,611	1,083	5,521	31,546	4,448
Increase (decrease) in OPEB related deferred inflows	11,061	10,249	9,358	1,331	6,788	38,787	5,469
(Increase) decrease in pension related deferred outflows	18,327	8,380	8,278	1,156	5,232	41,373	5,263
Increase (decrease) in the net pension liability	(74,803)	(34,204)	(33,788)	(4,718)	(21,354)	(168,867)	(21,480)
Increase (decrease) in pension related deferred inflows	93,061	42,554	42,034	5,870	26,566	210,085	26,723
Increase (decrease) in unearned revenue and other	1,018,332	-	92,246	(2,250)	-	1,108,328	-
Net cash flows from operating activities	<u>\$ 1,111,659</u>	<u>\$ (63,638)</u>	<u>\$ 1,794,037</u>	<u>\$ 1,157,914</u>	<u>\$ (122,626)</u>	<u>\$ 3,877,346</u>	<u>\$ 440,578</u>

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2024

	Police Pension Trust Fund
ASSETS	
Investments, at fair value:	
Cash and short-term money market funds	149,608
Fixed income external investment pools	3,131,073
Equity securities external investment pools	6,401,068
Real estate investment pool	1,004,509
Total investments	10,686,258
Total assets	10,686,258
NET POSITION	
Restricted for pension benefits	\$ 10,686,258

See Accompanying Notes to Financial Statements

CITY OF GREEN COVE SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2024

	Police Pension Trust Fund
ADDITIONS	
Contributions:	
City	\$ 389,127
Plan members	18,847
State of Florida	179,306
Total contributions	587,280
Investment income	1,712,324
Less investment management fee	(17,001)
Net investment income	1,695,323
Total additions	2,282,603
DEDUCTIONS	
Administrative expenses:	19,103
Payments to retirees and participants	78,170
Total deductions	97,273
CHANGE IN NET POSITION	2,185,330
NET POSITION, beginning of year	8,500,928
NET POSITION, end of year	\$ 10,686,258

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. Interest expense related to governmental activities long-term debt is reported as a separate line item in the Statement of Activities and is not allocated to specific governmental functions. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

Governmental Funds:

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

Reported as Major Funds:

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

Reported as Non-Major Governmental Funds:

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

Proprietary Funds:

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

Reported as Major Enterprise Funds:

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

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

Reported as Non-Major Enterprise Funds:

- **Solid Waste Fund** is used to account for the operations associated with solid waste collection and disposal services for the residents of the City.
- **Internal Service Fund** is used to account for customer services provided to the proprietary funds and for the administration of the City's self-insurance plan.

Fiduciary Funds:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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

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

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

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

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

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

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

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

CUSTOMER ACCOUNTS RECEIVABLE - The City accrues unbilled service of its enterprise funds representing the estimated value of service from the last billing date to year-end, which totaled \$952,580 on September 30, 2024. A reserve for doubtful accounts is maintained in each fund equal to the value of the customer receivables that are not expected to be collected. As of September 30, 2024, reserves for doubtful accounts totaled \$59,627. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

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

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

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

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

CAPITAL ASSETS - In the government-wide financial statements, capital assets include land, buildings, improvements, utility plant, furniture, equipment, and infrastructure assets (e.g., roads, sidewalks, streets, and drainage systems) with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ON-BEHALF PAYMENTS FOR FRINGE BENEFITS - The City receives on-behalf payments from the State of Florida to be used for police officers' pension plan contributions which totaled \$179,306 for the fiscal year ended September 30, 2024. Such payments are recorded as tax revenue and public safety expenses/expenditures in the government-wide and general fund financial statements but are not budgeted and therefore are not included in the general fund budgetary basis financial statements.

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

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

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

EQUITY CLASSIFICATIONS -

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

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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

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

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has inventories and prepaid items as being non-spendable as these items are not expected to be converted to cash.
- *Restricted* — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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

- *Committed* — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* — This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or by an individual or body to whom the City Council has delegated this authority. The City Council has not formally delegate this authority. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.
- *Unassigned* — This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the general fund that are not restricted, committed, or assigned.

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

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

LEASES -

Lessee: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is \$5,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

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

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

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

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

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) –

The City recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements when the initial, individual value of the subscription asset is deemed material to the financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at the commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for the subscription liability calculation.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that are fixed in substance, any contract incentives receivable from the vendor and any other payments associated with the contract that are reasonably certain of being required based on an assessment of all relevant factors.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Council prior to October 1 of each year and the Clay County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2024 was 4.700.

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

NOTE 3 - BUDGETARY LAW AND PRACTICE

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

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

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

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

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

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- *Compliance with Finance Related Legal and Contractual Provisions* - the City had no material violations of finance related legal and contractual provisions with the exception of the following:
 - *The City's water fund was unable to meet the required debt service coverage ratio that requires water system net revenues to exceed debt service requires by a factor of 1.15. The ratio for the year ended September 30, 2024 was .09. Water system net revenues pledged for debt service totaled \$18,740 and would need to be \$228,290 to meet the debt service coverage ratio.*
- *Deficit Fund Balance or Net Position of Individual Funds* - As of September 30, 2024, the following funds reported a deficit fund balance or net position:
 - The internal services funds reported a deficit total net position of \$20,488.
 - The sanitation enterprise fund reported a deficit total net position of \$137,276
 - The disaster recovery special revenue fund reported a deficit total fund balance of \$115,359.
- *Excess of Expenditures Over Budget Appropriations in Individual Funds* - For the year ended September 30, 2024, no major governmental fund had an excess of expenditures over budgeted appropriations.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Equity in pooled cash and cash equivalents:	
Cash on hand	\$ 800
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	10,550,604
Investments:	
FL PRIME local government investment pool	7,521,303
Total equity in pooled cash and cash equivalents	<u>\$ 18,072,707</u>

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

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

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

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

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

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

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

The City's investment policy does not formally address the risks noted above. The City's investments consisted of the following on September 30, 2024:

Investment Type	S&P Rating	Fair Value / Amortized Cost	Average Maturity Years
Primary government			
Investments measured at amortized cost and reported as a cash and cash equivalent:			
FL PRIME local government investment pool	AAAm	7,521,303	0.11
		<u>\$ 7,521,303</u>	

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

The City's investments have the following carrying values as of September 30, 2024, based on measurement criteria as specified:

Carrying Value	Fair Value			Amortized Cost
	Level 1	Level 2	Level 3	
FL PRIME local government investment pool	7,521,303	-	-	7,521,303
Total investments	<u>\$ 7,521,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,521,303</u>

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

Police Officers' Retirement Trust Fund:

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

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

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

<u>Asset Class</u>	<u>2024</u>
Cash and money market	\$ 149,608
FMIvT Broad Market High Quality Bond	1,538,821
FMIvT Core Plus	1,592,252
FMIvT Large Cap Diversified Equity	2,660,878
FMIvT Diversified Small to Mid Cap Equity	1,549,507
FMIvT International Equity	2,190,683
FMIvT Core Real Estate Portfolio	1,004,509
Total	<u>\$ 10,686,258</u>

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

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

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The police officers' pension plan policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company. On September 30, 2024, the investment portfolios met these limitations.

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

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. On September 30, 2024, the investment portfolio had no foreign fixed income investments.

NOTE 5 - DEPOSITS AND INVESTMENTS (concluded)

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

Investment Type	Fitch Rating	Fair Value	Average Maturity Years
Fixed income investments:			
FMlvt Core Plus Fixed Income Fund	Not Rated	\$ 1,592,252	6.66
FMlvt Broad Market High Quality Bond Fund	AAf/S4	1,538,821	7.10
Total fixed income investments		<u>\$ 3,131,073</u>	

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Transfers	Increases	Decreases	Balance September 30, 2024
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 8,015,952	\$ -	\$ -	\$ -	\$ 8,015,952
Construction in process	60,123	(34,063)	873,166	-	899,226
Total capital assets, not being depreciated	<u>8,076,075</u>	<u>(34,063)</u>	<u>873,166</u>	<u>-</u>	<u>8,915,178</u>
Capital assets, being depreciated:					
Buildings and improvements	24,169,054	34,063	3,731,438	-	27,934,555
Machinery and equipment	4,674,878	-	850,077	(200,089)	5,324,866
Infrastructure	11,829,555	-	-	-	11,829,555
Subscription assets	-	-	193,314	-	193,314
Total capital assets, being depreciated	<u>40,673,487</u>	<u>34,063</u>	<u>4,774,829</u>	<u>(200,089)</u>	<u>45,282,290</u>
Less accumulated depreciation	<u>(19,045,938)</u>	<u>-</u>	<u>(1,942,860)</u>	<u>200,089</u>	<u>(20,788,709)</u>
Total capital assets being depreciated, net	<u>21,627,549</u>	<u>34,063</u>	<u>2,831,969</u>	<u>-</u>	<u>24,493,581</u>
Governmental activities capital assets, net	<u>\$ 29,703,624</u>	<u>\$ -</u>	<u>\$ 3,705,135</u>	<u>\$ -</u>	<u>\$ 33,408,759</u>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 227,136	\$ -	\$ -	\$ -	\$ 227,136
Construction-in-progress	14,382,148	-	6,867,541	(685,898)	20,563,791
Total capital assets, not being depreciated	<u>14,609,284</u>	<u>-</u>	<u>6,867,541</u>	<u>(685,898)</u>	<u>20,790,927</u>
Capital assets, being depreciated:					
Electric transmission and distribution plant	33,273,283	-	35,090	-	33,308,373
Water/wastewater treatment plant	15,491,229	1,428,286	-	-	16,919,515
Water/wastewater pumping and collection plant	20,593,295	(395,671)	17,593	-	20,215,217
General plant and equipment	13,813,230	(1,017,303)	572,394	-	13,368,321
Right to use leased equipment	-	-	562,487	-	562,487
Total capital assets, being depreciated	<u>83,171,037</u>	<u>15,312</u>	<u>1,187,564</u>	<u>-</u>	<u>84,373,913</u>
Less accumulated depreciation	<u>(45,231,468)</u>	<u>(15,312)</u>	<u>(3,407,169)</u>	<u>-</u>	<u>(48,653,949)</u>
Total capital assets being depreciated, net	<u>37,939,569</u>	<u>-</u>	<u>(2,219,605)</u>	<u>-</u>	<u>35,719,964</u>
Business-type activities capital assets, net	<u>\$ 52,548,853</u>	<u>\$ -</u>	<u>\$ 4,647,936</u>	<u>\$ (685,898)</u>	<u>\$ 56,510,891</u>

NOTE 6 - CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	390,076
Public safety		242,199
Physical environment		218,940
Transportation		379,030
Culture/recreation		712,615
Total depreciation expense - governmental activities	\$	<u>1,942,860</u>

Business-type Activities:

Electric	\$	1,280,015
Water		713,852
Wastewater		1,173,638
Sanitation		77,466
Stormwater		151,597
Internal service		10,601
Total depreciation expense - business-type activities	\$	<u>3,407,169</u>

NOTE 7 – LEASES

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

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

For the year ended September 30, 2024, the City recognized \$51,112 in lease revenue and \$5,373 in interest revenue related to these leases. As of September 30, 2024, the City’s receivable for lease payments was \$256,031 and for interest payments was \$423. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was \$251,046.

City as Lessee - In 2024, the City entered into a 120-month agreement as lessee for the acquisition and use of a sewer cleaning vehicle. The City is required to make semi-annual interest payments and annual principal payments with maturity on April 1, 2034. The City utilized the interest rate implicit in the lease agreement of 4.844% to determine the lease liability. The book value of this right-to-use asset as the end of the current fiscal year is \$539,050 and is being amortized on a straight-line basis over a 120-month term from the lease origination date (115 months remaining on September 30, 2024).

The future principal and interest lease payments as of September 30, 2024, were as follows:

	<u>Business-type Activities</u>	
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 47,000	\$ 27,393
2026	49,000	25,068
2027	52,000	22,621
2028	54,000	20,054
2029	57,000	17,366
2030-2034	330,000	41,416
Total	<u>\$ 589,000</u>	<u>\$ 153,918</u>

NOTE 8 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

During the current fiscal year, the City entered into several SBITAs for subscription terms ranging from three to six years that conveys the right to the City to use certain information technology software. An initial subscription liability was recorded in the amount of \$193,314 during the current year. As of September 30, 2024, the subscription liability was \$139,351. The City is required to make annual principal and interest payments on the various SBITAs. The SBITAs did not contain an explicit interest rate so the City used the Federal Reserve bank prime loan rate as an estimate of their incremental borrowing rate at the date each SBITA was signed. The value of the subscription asset and accumulated amortization can be found in Note 6 and activity related to the subscription liability can be found in Note 9.

The future principal and interest lease payments as of September 30, 2024, were as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 19,177	\$ 8,823
2026	36,333	11,927
2027	39,939	8,321
2028	43,902	4,357
Total	<u>\$ 139,351</u>	<u>\$ 33,428</u>

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NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
Series 2016A Sales Tax Revenue Note	\$ 466,000	\$ -	\$ (153,000)	\$ 313,000	\$ 155,000
Series 2016B Sales Tax Revenue Note	592,000	-	(68,000)	524,000	70,000
Installment notes payable - 2024	-	211,336	(60,044)	151,292	20,136
Total long-term debt	1,058,000	211,336	(281,044)	988,292	245,136
Other liabilities:					
Subscriptions payable	-	193,314	(53,963)	139,351	19,177
Other postemployment benefits	237,189	43,904	-	281,093	-
Net pension liability	3,129,171	-	(192,431)	2,936,740	-
Compensated absences	714,949	-	(30,442)	684,507	205,352
Total other liabilities	4,081,309	237,218	(276,836)	4,041,691	224,529
Total long-term obligations	\$ 5,139,309	\$ 448,554	\$ (557,880)	5,029,983	\$ 469,665
Less amounts due in one year				(469,665)	
Total noncurrent obligations due in more than one year				\$ 4,560,318	
Business-type Activities:					
Long-term debt:					
2020 Drinking Water SRF Loan	\$ 196,087	\$ -	\$ (23,075)	\$ 173,012	\$ 23,472
2019 Water System Revenue Note	956,000	-	(149,000)	807,000	153,000
2019 Wastewater SRF Loan	1,593,581	-	(89,387)	1,504,194	89,915
2021 Electric Utility Revenue Note	7,785,000	-	(720,000)	7,065,000	733,000
2016 Wastewater SRF Loan	31,939	-	(2,135)	29,804	2,185
2017 Wastewater SRF Loan	602,167	-	(37,022)	565,145	37,266
2020 Wastewater SRF Loan	11,932,702	-	-	11,932,702	-
2024 Stormwater revenue note	-	8,557,000	-	8,557,000	244,000
Equipment Purchase Note, 2021	108,629	-	(53,186)	55,443	55,443
Total bonds and notes payable	23,206,105	8,557,000	(1,073,805)	30,689,300	1,338,281
Other liabilities:					
Leases payable	-	589,000	-	589,000	47,000
Other postemployment benefits	199,260	35,994	-	235,254	-
Net pension liability	3,178,053	-	(190,347)	2,987,706	-
Compensated absences	548,875	-	(112,529)	436,346	130,905
Total other liabilities	3,926,188	624,994	(302,876)	4,248,306	177,905
Total long-term liabilities	\$ 27,132,293	\$ 9,181,994	\$ (1,376,681)	34,937,606	\$ 1,516,186
Less amounts due in one year				(1,516,186)	
Net long-term liabilities in excess of one year				\$ 33,421,420	

Notes to Long-Term Obligations Table

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

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

Interest Included as Direct Expense:

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

NOTE 9 - LONG-TERM OBLIGATIONS (cont...)

Governmental Activities:

- \$1,470,000 - Refunding Revenue Note, Series 2016A, refunded Sales Tax Revenue Note, Series 2013, which was issued for the construction of the City's new police station and emergency operations center. The note is payable in semi-annual installments of \$80,513 (including interest of 1.63%) beginning January 1, 2017 through July 1, 2026. This note is payable from and secured solely by Sales Tax Revenue and Communication Service Tax Revenue. The approximate amount of this pledge is equal to the remaining principal and interest payments.
- \$1,030,000 - Revenue Note, Series 2016B, for the construction of the City's Spring Park Project. The note is payable in semi-annual installments of \$40,103 (including interest of 2.25%) beginning January 1, 2017 through July 1, 2031. This note is payable from and secured solely by Sales Tax Revenue and Communication Service Tax Revenue. The approximate amount of this pledge is equal to the remaining principal and interest payments.
- Installment Notes 2024 - The City financed the purchase of police body cameras and fleet camera equipment in the original amount of \$211,336. The notes require annual payments of principal and interest totaling \$52,670, with final maturity in the fiscal year ending September 30, 2028. The loan bears an average interest rate of 9.50%. In the event of default, the lender has the right to take whatever legal actions necessary to collect the amounts due and may forcibly repossess the vehicles securing the note.

Business-Type Activities:

- \$236,389 - 2020 Drinking Water SRF Loan, for improvements to the City's water system. The loan is payable in semi-annual installments of \$10,030 (including interest of 1.71%) through July 15, 2031. This loan is payable from and secured by the net revenues of the City's water utility system.
- \$1,500,000- 2019 Water System Revenue Note, for improvements to the City's water system. The loan is payable in increasing semi-annual installments (including interest of 2.63%) through April 1, 2029. This loan is payable from and secured by the net revenues of the City's water utility system.
- \$5,745,419 - 2019 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in increasing semi-annual installments of \$43,329 and a \$4,013,219 grant recognized in the year ended September 30, 2020 (including interest of 0.59%) through June 15, 2040. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- \$9,791,000 - 2021 Electric Utility Revenue Note, for improvements to the City's electrical distribution system. The note is payable in annual installments of \$853,699 (including interest of 1.71% due semi-annually) through July 1, 2033. This note is payable from and secured by the net revenues of the City's electric utility system.
- \$44,006 - 2016 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$1,427 (including interest of 2.29%) through September 15, 2036. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- \$719,185 - 2017 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$20,470 (including interest of 0.66%) through May 15, 2039. This loan is payable from and secured by the net revenues of the City's wastewater utility system.

NOTE 9 - LONG-TERM OBLIGATIONS (cont...)

- \$13,733,665 - 2020 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$194,679 (including interest of 0.00%) beginning on August 15, 2023 until all amounts due have been fully paid. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- \$255,600 - 2021 Note for financed equipment purchases. Payable in semiannual installments of \$28,588 (including interest of 3.25%) beginning April 22, 2021 through October 22, 2025.
- \$8,557,000 – 2024 Stormwater Revenue Note, for improvements to the City's stormwater system. The note requires semi-annual interest payments at 5.50% per annum and varying annual principal payments with maturity on April 1, 2044. This note is payable from and secured by the City's stormwater assessments.
- On May 13, 2024 the City executed loan agreement DW-100440 with the Florida Department of Environmental Protection under Florida's State Revolving Fund program for \$2,195,000 to be used as part of a surface water discharge elimination program. The interest rate is 2.00% per annum with principal and interest payments due semi-annually beginning on October 15, 2025 with final maturity on April 15, 2045. No draws were made on this loan as of September 30, 2024 and \$121,500 was drawn between October 1, 2024 and April 30, 2025.

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

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

Maturities:

Annual requirements to repay all long-term debt as of September 30, 2024, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 245,136	\$ 25,135	\$ 1,338,281	\$ 628,188
2026	269,652	24,758	1,780,284	594,628
2027	116,589	17,271	2,051,182	561,680
2028	122,915	11,280	2,083,439	528,804
2029	234,000	9,304	2,119,709	492,331
2030-2034	-	-	9,309,375	1,947,558
2035-2039	-	-	4,410,296	1,210,876
2040-2044	-	-	3,168,871	447,436
Principal forgiveness grant	-	-	4,427,863	-
Total	<u>\$ 988,292</u>	<u>\$ 87,748</u>	<u>\$ 30,689,300</u>	<u>\$ 6,411,501</u>

NOTE 9 - LONG-TERM OBLIGATIONS (cont...)

Pledged Revenues:

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

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water system net revenues	6/15/2040	\$ 1,045,502	\$ 198,514	\$ 18,740	9.44%
Sewer system net revenues	4/1/2029	14,138,532	142,447	1,436,110	1008.17%
Electric system net revenues	7/1/2033	7,863,374	853,279	1,628,695	190.87%
Sales tax and communication services tax	7/1/2031	888,631	240,906	133,993	55.62%
Stormwater assessments	4/1/2044	8,710,918	354,284	1,389,938	392.32%

NOTE 10 – INTERFUND TRANSACTIONS

Interfund transfers in (out) for the year ending September 30, 2024 consisted of the annual budgeted reallocation of resources as follows:

	<u>Transfer In:</u>			
	General		Spring Park	
	General Capital		Capital	
	General Fund	Improvement Fund	Improvement Fund	Total
Transfers Out:				
Electric fund	\$ 1,486,000	\$ -	\$ -	\$ 1,486,000
Water fund	120,000	-	-	120,000
Sewer fund	200,000	-	-	200,000
Solid waste fund	48,000	-	-	48,000
General Fund	-	159,968	80,938	240,906
Total	<u>\$ 1,854,000</u>	<u>\$ 159,968</u>	<u>\$ 80,938</u>	<u>\$ 2,094,906</u>

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

- Transfers from the enterprise funds to the general fund were made to support governmental activities.
- Transfers from the General Fund to the capital projects funds were made to provide additional funding for expenses in excess of revenues in those funds.

The general fund owed the electric fund \$745,000 on September 30, 2024 due to an interfund loan made during a prior year. The Sanitation Fund owed the General Fund \$54,628 to reflect a de facto interfund loan resulting from the Sanitation Fund overdrawing its share of the City's pooled cash.

NOTE 11 – PENSION PLANS

FLORIDA RETIREMENT SYSTEM:

Plan Description and Administration - The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees, with the exception of police officers. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

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

Benefits Provided and Employees Covered -Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

NOTE 11 – PENSION PLANS (cont...)

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

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

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

Contributions - The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect on September 30, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Class	Through June 30, 2024	After June 30, 2024
Regular Class	13.57%	13.63%
Elected Officials	56.62%	61.68%
Senior Management	34.52%	37.52%
DROP Participants	21.13%	21.13%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll. Current- year employee contribution rate to the FRS pension plan was 3.00%.

For the fiscal year ended September 30, 2024, actual contributions made for employees participating in FRS and HIS were \$603,011 for FRS and \$117,336 for HIS.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions - On September 30, 2024, the City reported a liability of \$5,924,446 for its proportionate share of the net pension liability, \$3,916,666 related to FRS and \$2,007,780 to HIS. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. On June 30, 2024 and June 30, 2023, the City's FRS proportion was 0.01012459% and 0.01081137%, respectively.

On June 30, 2024 and June 30, 2023, the City's HIS proportion was 0.013384326% and 0.012588572%, respectively.

For the year ended September 30, 2024, the City's recognized pension expense of \$719,379 from FRS and \$188,185 from HIS, for a total of \$907,564.

NOTE 11 – PENSION PLANS (cont...)

Deferred outflows/inflows related to pensions: On September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 395,688	\$ -	\$ 19,386	\$ 3,855
Change in assumptions	536,815	-	35,533	237,695
Difference between projected and actual investment plan	-	260,322	-	727
Change in City's proportionate share	401,883	186,434	368,001	-
Contributions subsequent to the measurement date	168,993	-	31,070	-
	<u>\$ 1,503,379</u>	<u>\$ 446,756</u>	<u>\$ 453,990</u>	<u>\$ 242,277</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year ending September 30,	FRS	HIS	Total
2025	\$ 346,314	\$ 72,068	\$ 418,382
2026	425,495	57,727	483,222
2027	102,738	24,074	126,812
2028	9,353	18,749	28,102
2029	3,730	7,535	11,265
Thereafter	-	490	490
	<u>\$ 887,630</u>	<u>\$ 180,643</u>	<u>\$ 1,068,273</u>

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 and HIS was completed for the period July 1, 2018, through June 30, 2023.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans are assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is the same as the prior year. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

NOTE 11 – PENSION PLANS (cont...)

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.10%
Fixed Income	29.00%	5.70%	5.60%	3.90%
Global Equity	45.00%	8.60%	7.00%	18.20%
Real Estate (Property)	12.00%	8.10%	6.80%	16.60%
Private Equity	11.00%	12.40%	8.80%	28.40%
Strategic Investment	2.00%	6.60%	6.20%	8.70%
Total	100.00%			

Assumed Inflation

Mean	2.40%	1.50%
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Sensitivity of the net pension liability to changes in the discount rate - The following presents the proportionate shares of the FRS and HIS net pension liability (asset) of the City calculated using the current discount rates, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Current Discount Rate	Net Pension Liability at Measurement Date		
		1% Decrease	Current Discount	1% Increase
FRS	6.70%	\$ 6,889,279	\$ 3,916,666	\$ 1,426,473
HIS	3.94%	2,424,989	2,007,780	1,777,145
City's Net Pension Liability		\$ 9,314,268	\$ 5,924,446	\$ 3,203,618

NOTE 11 – PENSION PLANS (cont...)

POLICE OFFICERS’ PENSION PLAN:

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

Benefits Provided and Employees Covered - The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. No cost-of-living adjustments are provided to retirees and beneficiaries. The Plan’s Board of Trustees has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of every other year. Current membership in the Plan was composed of the following at October 1, 2023:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	30
Active plan members	22
Total	56

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

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

Contributions - The participant contribution rates for the Plan are established by and may be amended by the City Council. Employees covered under the Plan are required to make contributions of 1% of their compensation. The City’s annual required contribution for the current year was determined as part of the October 1, 2023 actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to contribute a payment which represents annual normal cost-plus amortization of the unfunded actuarial accrued liability over various periods as prescribed by law. The City’s contributions (and if applicable, any liquidations of a net pension liability) to the Plan are funded by the General Fund.

NOTE 11 – PENSION PLANS (cont...)

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

Contributions to the Plan for the year ended September 30, 2024, were as follows:

	Police Officers' Pension Trust Fund
Contribution rates:	
City and State	33.9%
Plan members	1.0%
Actuarially determined contribution	\$ 548,250
Contributions made in relation to the actuarially determined contribution	\$ 504,530

Net Pension Liability – The components of the changes in the net pension liability for the year ended September 30, 2024 are shown below. The net pension liability as of September 30, 2024 for financial reporting purposes was determined by actuarial valuations as of October 1, 2023 updated to September 30, 2024 (the measurement date).

Total pension liability	\$ 8,870,811
Adjusted plan fiduciary net position (*)	<u>(10,499,819)</u>
Net pension liability (asset)	<u>\$ (1,629,008)</u>

Plan fiduciary net position as a
percentage of the total pension liability 118%

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

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2023, with a measurement date of September 30, 2024, using the following actuarial assumptions to all measurement periods.

Inflation	2.62%
Projected salary increases	Service Based
Investment rate of return	7.00%
Discount rate	7.00%
Date of actuarial experience study	June 15, 2020

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

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

NOTE 11 – PENSION PLANS (cont...)

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

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

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

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending 9/30/2023	\$ 7,692,902	\$ 8,395,818	\$ (702,916)
Changes for the year:			
Service cost	482,209	-	482,209
Interest	567,060	-	567,060
Difference between actual and expected experience	205,613	-	205,613
Contributions - City and State	-	504,530	(504,530)
Contributions - employee	-	18,195	(18,195)
Net investment income	-	1,694,353	(1,694,353)
Benefit payments, including refunds of employee contributions	(76,972)	(76,972)	-
Administrative expense	-	(36,105)	36,105
Net changes	1,177,910	2,104,001	(926,091)
Reporting period ending 9/30/2024	\$ 8,870,812	\$ 10,499,819	\$ (1,629,007)

Investments and Money-weighted Rate of Return - The Plans' investment policy and information related to concentrations and custodial and credit risk is discussed in Note 5 to the financial statements. For the year ended September 30, 2024, the net money-weighted rate of return, adjusted for the changing amounts actually invested, for the police officers' pension plan was as 19.70%.

NOTE 11 – PENSION PLANS (cont...)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City as of the measurement date (September 30, 2024), calculated using the current discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of September, 9/30/2024	Current Discount Rate	1% Decrease	Current Rate	1% Increase
	7.00%	\$ (227,528)	\$ (1,629,008)	\$ (2,761,352)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension - For the year ended September 30, 2024, the City recognized pension expense of \$387,437 related to the police officers' pension plan. On September 30, 2024, the City reported deferred outflows and deferred inflows of resources related to the police officers' pension plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 446,419	\$ 899,082
Change in assumptions	261,466	64,182
Net difference between projected and actual earnings on Plan investments	-	425,352
Total	\$ 707,885	\$ 1,388,616

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

Year ending September 30,	Amount
2025	\$ (82,247)
2026	84,121
2027	(299,843)
2028	(279,186)
2029	(60,835)
Thereafter	(42,741)
	\$ (680,731)

A summary of pension related elements and annual pension expense for the City's participation in FRS, HIS and as sponsor of the police officers' pension plan as of, and for the year ended September 30, 2024 were as follows:

	Police Officers'	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 707,885	\$ 1,503,379	\$ 453,990	\$ 2,665,254
Net pension liability (asset)	(1,629,007)	3,916,666	2,007,780	4,295,439
Deferred inflows of resources related to pensions	1,388,616	446,756	242,277	2,077,649
Pension expense (benefit)	387,437	719,379	188,185	1,295,001

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS PLAN

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

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

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

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

Inactive plan members or beneficiaries currently receiving benefits	1
Active plan members	<u>86</u>
Total	<u>87</u>

Total OPEB liability – The City's total OPEB liability was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2023 updated to the measurement date.

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

Inflation	2.50%
Salary inflation	2.50%
Discount rate	4.06%
Investment rate of return	0.00%
Healthcare cost trend rates	7.00% in 2024, grading down to the ultimate trend rate of 4.00% in 2075.

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

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS PLAN (cont...)

Discount rate – The discount rate was based on a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Reporting period ending September 30, 2023	\$ 436,449
Changes for the year:	
Service cost	37,968
Interest	16,445
Differences between expected and actual experience	(130,698)
Changes of assumptions	168,386
Benefit payments	(12,203)
Net changes	79,898
Reporting period ending September 30, 2024	\$ 516,347

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

	1% Decrease (3.06%)	Discount Rate (4.06%)	1% Increase (5.06%)
Total OPEB liability	\$ 565,409	\$ 516,347	\$ 471,740

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

	1% Decrease (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Total OPEB liability	\$ 451,914	\$ 516,347	\$ 593,460

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS PLAN (concluded)

OPEB expenses and deferred outflows of resources related to OPEB – For the year ended September 30, 2024, the City recognized OPEB expense of \$41,461. On September 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 153,080	\$ 103,156
Differences between expected and actual experience	-	160,203
Total	<u>\$ 153,080</u>	<u>\$ 263,359</u>

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

Year ended September 30,	Amount
2025	\$ (17,152)
2026	(17,152)
2027	(17,152)
2028	(17,152)
2029	(17,152)
Thereafter	(24,519)
Total	<u>\$ (110,279)</u>

NOTE 13 – SELF-INSURANCE PROGRAM

The City is exposed to risks for losses related to health and other medical benefits it provides to its employees. A self-insurance program was created October 1, 2020 to handle these risks. The Self Insurance was established to account for medical insurance claims of City employees and their covered dependents. Commercial insurance for specific loss claims in excess of \$75,000 is provided by Gerber Life Insurance at an aggregate monthly factor per participating employee based on their election. The City has a minimum aggregate deductible of approximately \$915,000 and a maximum aggregate benefit of \$1,000,000 in excess of the minimum aggregate deductible. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. All claims are handled by Preferred Benefit Administrators, the third-party administrator. All funds of the City which carry employees participate in the program and make payments to the Self-Insurance internal service fund based on estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2024, the City reported a liability of \$330,069 in the self-insurance internal service fund to account for actual claims and those incurred but not reported Claims (IBNR).

NOTE 13 – SELF-INSURANCE PROGRAM (cont...)

Changes in the claims liability amount for the year-ended September 30, 2024 were:

	2024
Prepaid claims as previously reported, October 1	\$ 107,380
Claims and changes in estimates	1,869,466
Claims payments	<u>(1,539,397)</u>
Claims liability balance, September 30	<u>\$ 330,069</u>

NOTE 14 – POWER SUPPLY AGREEMENTS

General - The City currently purchases all of its power requirements from the Florida Municipal Power Agency (FMPA) under an “All Requirements Contracts” (see below). FMPA, a legal entity organized in 1978 and existing under the laws of the State of Florida, as of September 30, 2024, FMPA has 33 members, including the City. One of FMPA’s responsibilities is to develop electric projects and offer participation therein to its members. Its members individually determine in which project or projects they wish to participate. FMPA is governed by a Board of Directors on which the City is represented. The City, by agreement, has no equity interest in any of the assets owned by FMPA, or any obligation for liabilities of the Agency. FMPA does not constitute a joint venture nor does it meet the criteria for inclusion in the City’s reporting entity.

St. Lucie Project - In May 1983, FMPA issued \$290,000,000 St. Lucie Project Revenue Bonds, Series 1983 (Series 1983) in order to purchase an 8.806% undivided ownership interest in Florida Power and Light Company’s (FP&L) St. Lucie Unit No. 2. In March 1986, FMPA issued \$284,810,000 in St. Lucie Project Refunding Revenue Bonds, Series 1986, to advance refund \$250,910,000 of the outstanding Series 1983 bonds in a legal defeasance of that portion of the Series 1983 bonds. In July 1992, FMPA issued \$326,090,000 St. Lucie Project Refunding Revenue Bonds, Series 1992 (Series 1992), to advance refund in the prior two issues. In 2000 and 2002, FMPA issued two additional refunding bonds to partially refund the 1992 issue. In addition, FMPA has issued several additional bonds. The 2000 and 2002 bonds were variable rate bonds and were retired in December 2018. The 2009A bonds were retired in October, 2019. On September 1, 2021, the St. Lucie Project issued the 2021A bonds with a face amount of \$14.8 million at a premium and used the \$18.6 million along with other project funds to refund the St. 2011B bonds with a face value of \$24.3 million and pay closing costs. At September 30, 2024, the total outstanding amount related to the St. Lucie Project is \$50,600,000. The City is contingently liable for 1.757% of the total amount of outstanding debt, (approximately \$797,000) at September 30, 2024. Pursuant to a power sales contract and a project support contract with FMPA, the City acquired an entitlement share of 1.757% (approximately 1.241MW) of FMPA’s 8.806% interest in St. Lucie No. 2. Payments are required by the City whether or not the St. Lucie Project is operable or operating and are due each month based upon a budget prepared by FMPA, adjusted annually. Total costs under this contract during 2024 were \$592,130.

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

NOTE 14 – POWER SUPPLY AGREEMENTS (cont...)

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

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

Power rates are determined by the Board, subject to the approval of the project participants, but must be sufficient to meet FMPA's revenue requirements. Charges to the City are payable solely from electric utility revenues and in no way can FMPA compel the City to exercise its taxing power. Total costs under this contract during 2024 were approximately \$8,100,000.

NOTE 15 – RISK MANAGEMENT

INSURANCE - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property damages for which there has been no significant reduction in coverages, nor have settlement amounts exceeded the City's coverages during the year ended September 30, 2024 or the previous two years. All of the City's insurance is from commercial carriers and there is no self-insurance other than for medical insurance claims of City employees and their covered dependents which was discussed previously in Note 13.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE 16 – COMMITMENTS AND CONTINGENCIES (cont...)

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

NOTE 17 – CHANGES IN FINANCIAL REPORTING ENTITY

For the fiscal year ending September 30, 2024, the City's Stormwater Enterprise Fund met the criteria for classification as a major fund in accordance with GASB Codification Section 2200.159. In prior years, this fund had been reported as a nonmajor enterprise fund. As a result of this change, the beginning net position for the current reporting period has been adjusted to reflect the fund's reclassification. Specifically, \$1,719,001 was reallocated from the nonmajor stormwater enterprise fund to the major stormwater enterprise fund to properly reflect its new classification.

Effective October 1, 2023, the City transitioned the accounting and reporting of its self-insured health plan activity from the General Fund to an Internal Service Fund. As a result, the beginning fund balance of the General Fund for the current reporting period was adjusted to reflect the transfer of these ongoing operations. This adjustment increased the beginning fund balance by \$107,379.

NOTE 18 – SUBSEQUENT EVENTS

- The Pegasus Technologies and Clay County port filed a lawsuit against the City challenging our ordinance under Florida Statute 163.3215. The City has prevailed and has received \$276,933.08 as of May 19, 2025 as prevailing party's attorney's fee from the opposing party.
- On November 14, 2024 the City entered into a lease-purchase agreement with Leasing 2, Inc. to lease a RAVO street sweeper with a five year lease term in the amount of \$295,992. The interest rate is 5.55% with annual payments on January 10 and the final payment on January 10, 2030.

NOTE 19 – NEW ACCOUNTING PRONOUNCEMENT

The City implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*, for the fiscal year ended September 30, 2024.

This statement establishes guidance for accounting changes and error corrections, including required disclosures and presentation. The implementation of GASB Statement No. 100 did not result in any material changes to the financial statements and did not require restatement of prior periods.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREEN COVE SPRINGS, FLORIDA
Budgetary Comparison Schedule – General Fund
For the year ended September 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RESOURCES:				
Taxes	\$ 4,262,936	\$ 4,262,936	\$ 4,682,906	\$ 419,970
Licenses and permits	80,000	80,000	88,511	8,511
Intergovernmental revenue	5,633,145	6,810,081	6,569,163	(240,918)
Charges for services	143,319	143,319	199,582	56,263
Fines and forfeitures	1,320,700	1,320,700	755,739	(564,961)
Investment income (loss), net	75,000	75,000	125,052	50,052
Other	133,500	133,500	164,899	31,399
Total revenues	11,648,600	12,825,536	12,585,852	(239,684)
CHARGES TO APPROPRIATIONS:				
Current:				
General government:	2,029,123	2,029,123	2,132,620	(103,497)
Public safety:	4,371,781	4,371,781	4,808,099	(436,318)
Physical environment:	332,645	332,645	280,529	52,116
Transportation	1,224,079	1,224,079	1,598,947	(374,868)
Culture/recreation:	655,837	655,837	731,113	(75,276)
Capital outlay	6,057,607	7,234,543	5,657,703	1,576,840
Debt service	-	-	133,060	(133,060)
Total expenditures	14,671,072	15,848,008	15,342,071	505,937
EXCESS (DEFICIENCY) OF REVENUE OVER(UNDER) EXPENDITURES	(3,022,472)	(3,022,472)	(2,756,219)	266,253
OTHER FINANCING SOURCES (USES):				
Transfers in	1,354,000	1,354,000	1,854,000	500,000
Transfers (out)	(241,000)	(241,000)	(240,906)	94
Subscriptions issued	-	-	193,314	193,314
Loan proceeds	-	-	211,336	211,336
Total other financing sources (uses)	1,113,000	1,113,000	2,017,744	904,744
NET CHANGE IN FUND BALANCE	\$ (1,909,472)	\$ (1,909,472)	\$ (738,475)	\$ 1,170,997

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

CITY OF GREEN COVE SPRINGS, FLORIDA
Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers’ Pension Plan

City reporting period date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total pension liability					
Service cost	\$ 482,209	\$ 434,366	\$ 378,703	\$ 371,283	\$ 383,393
Interest	567,060	484,372	448,267	426,875	433,108
Difference between expected and actual experience	205,613	291,218	(269,668)	(314,632)	(844,678)
Change of assumptions	-	-	-	(111,290)	-
Benefit payments, including refunds of employee contributions	(76,972)	(70,559)	(70,330)	(60,588)	(49,044)
Net change in total pension liability	1,177,910	1,139,397	486,972	311,648	(77,221)
Total pension liability, beginning	7,692,901	6,553,504	6,066,532	5,754,884	5,832,105
Total pension liability, ending (a)	<u>\$ 8,870,811</u>	<u>\$ 7,692,901</u>	<u>\$ 6,553,504</u>	<u>\$ 6,066,532</u>	<u>\$ 5,754,884</u>
Plan fiduciary net position					
Contributions - City	\$ 389,127	\$ 352,955	\$ 208,408	\$ 162,106	\$ 233,214
Contributions - State of Florida	179,306	110,299	145,216	135,826	120,254
Contributions - Employee	18,847	15,574	14,360	13,046	12,201
Net investment income (loss)	1,695,323	622,570	(1,106,002)	1,308,368	405,005
Benefit payments, including refunds of employee contributions	(78,170)	(70,559)	(70,330)	(60,588)	(49,044)
Administrative expenses	(19,103)	(18,569)	(36,250)	(30,590)	(31,894)
Allocation to share plan (*)	(81,329)	-	-	-	-
Net change in plan fiduciary net position	2,104,001	1,012,270	(844,598)	1,528,168	689,736
Plan fiduciary net position, beginning	8,395,817	7,383,547	8,228,145	6,699,977	6,010,241
Plan fiduciary net position, ending (b)	<u>\$ 10,499,818</u>	<u>\$ 8,395,817</u>	<u>\$ 7,383,547</u>	<u>\$ 8,228,145</u>	<u>\$ 6,699,977</u>
Net pension liability (asset) (a)-(b)	<u>\$ (1,629,007)</u>	<u>\$ (702,916)</u>	<u>\$ (830,043)</u>	<u>\$ (2,161,613)</u>	<u>\$ (945,093)</u>
Plan fiduciary net position as a percentage of total pension liability	118.36%	109.14%	112.67%	135.63%	116.42%
Covered payroll	\$ 1,488,370	\$ 1,378,416	\$ 1,234,144	\$ 1,244,041	\$ 1,257,127
Net pension liability as a percentage of covered payroll	-109.45%	-50.99%	-67.26%	-173.76%	-75.18%
Annual Money-Weighted Rate of Return	19.70%	8.36%	-14.17%	17.53%	6.37%

Continued...

CITY OF GREEN COVE SPRINGS, FLORIDA
Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers’ Pension Plan (concluded)

City reporting period date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability					
Service cost	\$ 300,036	\$ 299,380	\$ 219,094	\$ 219,094	\$ 150,177
Interest	390,380	311,403	274,502	215,822	216,948
Difference between expected and actual experience	-	183,242	-	(136,512)	(18,269)
Change of assumptions	-	228,664	-	557,241	-
Benefit payments, including refunds of employee contributions	(36,019)	(19,638)	(41,910)	(19,062)	(18,780)
Net change in total pension liability	654,397	1,003,051	451,686	836,583	330,076
Total pension liability, beginning	5,177,708	4,174,657	3,722,971	2,886,388	2,556,312
Total pension liability, ending (a)	<u>\$ 5,832,105</u>	<u>\$ 5,177,708</u>	<u>\$ 4,174,657</u>	<u>\$ 3,722,971</u>	<u>\$ 2,886,388</u>
Plan fiduciary net position					
Contributions - City	\$ 236,391	\$ 199,431	\$ 181,998	\$ 141,437	\$ 130,301
Contributions - State of Florida	121,585	102,575	93,609	85,340	73,815
Contributions - Employee	11,902	10,065	10,155	8,475	8,100
Net investment income (loss)	302,608	362,248	545,018	291,007	(4,872)
Benefit payments, including refunds of employee contributions	(36,019)	(19,638)	(19,348)	(19,062)	(18,780)
Administrative expenses	(21,148)	(30,900)	(15,546)	(27,174)	(16,444)
Allocation to share plan	-	-	-	-	-
Net change in plan fiduciary net position	615,319	623,781	795,886	480,023	172,120
Plan fiduciary net position, beginning	5,394,922	4,771,141	3,975,255	3,495,232	3,323,112
Plan fiduciary net position, ending (b)	<u>\$ 6,010,241</u>	<u>\$ 5,394,922</u>	<u>\$ 4,771,141</u>	<u>\$ 3,975,255</u>	<u>\$ 3,495,232</u>
Net pension liability (asset) (a)-(b)	<u>\$ (178,136)</u>	<u>\$ (217,214)</u>	<u>\$ (596,484)</u>	<u>\$ (252,284)</u>	<u>\$ (608,844)</u>
Plan fiduciary net position as a percentage of total pension liability	103.05%	104.20%	114.29%	106.78%	121.09%
Covered payroll	\$ 1,014,137	\$ 1,014,137	\$ 1,015,500	\$ 795,911	\$ 744,678
Net pension liability as a percentage of covered payroll	-17.57%	-21.42%	-58.74%	-31.70%	-81.76%
Annual Money-Weighted Rate of Return	5.45%	7.39%	13.29%	8.11%	-0.14%

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

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 548,250	\$ 504,530	\$ (43,720)	\$ 1,488,370	33.90%
2023	\$ 460,049	\$ 466,177	\$ 6,128	\$ 1,378,416	33.82%
2022	\$ 305,715	\$ 353,624	\$ 47,909	\$ 1,234,144	28.65%
2021	\$ 260,971	\$ 297,932	\$ 36,961	\$ 1,244,041	23.95%
2020	\$ 303,449	\$ 353,468	\$ 50,019	\$ 1,257,127	28.12%
2019	\$ 357,671	\$ 357,976	\$ 305	\$ 1,014,137	35.30%
2018	\$ 302,438	\$ 302,006	\$ (432)	\$ 1,014,137	29.78%
2017	\$ 276,827	\$ 275,607	\$ (1,220)	\$ 1,015,500	27.14%
2016	\$ 230,927	\$ 226,777	\$ (4,150)	\$ 795,911	28.49%
2015	\$ 203,387	\$ 203,965	\$ 578	\$ 744,678	27.39%

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

- Valuation Date: October 1, 2023 for fiscal year 2024 contributions.
- Asset Valuation Method: The actuarial value of assets is equal to the market value of the assets, adjusted to reflect a five-year phase-in of the unexpected investment gains and losses.
- Salary Increases: 4.00% per year.
- Investment Rate of Return: 6.75% per year (previously 7.00%).
- Payroll Growth: None
- Retirement age: Normal: Assumed to occur at the most valuable retirement age.
- Disability and termination: None is assumed.
- Mortality: Mortality rates were based on the Pub-2010 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale MO-2018. (previous mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB).

CITY OF GREEN COVE SPRINGS, FLORIDA

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

	2024	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	0.01012459%	0.01081137%	0.00994116%	0.00865328%	0.00816973%
City's proportionate share of the net pension liability (asset)	\$ 3,916,666	\$ 4,307,991	\$ 3,698,909	\$ 653,657	\$ 3,540,879
City's covered payroll	\$ 5,866,800	\$ 5,287,278	\$ 4,093,252	\$ 3,405,027	\$ 3,279,119
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.76%	81.48%	90.37%	19.20%	107.98%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%
	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00708228%	0.00779690%	0.00734544%	0.008451778%	0.007974291%
City's proportionate share of the net pension liability (asset)	\$ 2,439,038	\$ 2,348,466	\$ 2,172,731	\$ 2,134,081	\$ 1,029,986
City's covered payroll	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644	\$ 2,386,450
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	87.68%	91.60%	93.24%	85.89%	43.16%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%

CITY OF GREEN COVE SPRINGS, FLORIDA**Schedule of Contributions – Florida Retirement System Pension Plan**

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 603,011	\$ 546,631	\$ 415,031	\$ 378,964	\$ 271,444
Contributions in relation to the contractually required contribution	(603,011)	(546,631)	(415,031)	(378,964)	(271,444)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$ 5,866,800	\$ 5,287,278	\$ 3,994,236	\$ 3,777,880	\$ 3,279,119
Contributions as a percentage of covered payroll	10.28%	10.34%	10.39%	10.03%	8.28%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 219,602	\$ 222,205	\$ 207,762	\$ 206,110	\$ 194,420
Contributions in relation to the contractually required contribution	(219,602)	(222,205)	(207,762)	(206,110)	(194,420)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644	\$ 2,386,450
Contributions as a percentage of covered payroll	7.89%	8.67%	8.92%	8.30%	8.15%

CITY OF GREEN COVE SPRINGS, FLORIDA

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

	2024	2023	2022	2021	2020
City's proportion of the net pension liability (asset)	0.013384326%	0.012588572%	0.011229509%	0.009616089%	0.009446086%
City's proportionate share of the net pension liability (asset)	\$ 2,007,780	\$ 1,999,233	\$ 1,189,384	\$ 1,179,558	\$ 1,153,352
City's covered payroll	\$ 5,866,800	\$ 5,287,278	\$ 4,093,252	\$ 3,405,027	\$ 3,279,119
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.22%	37.81%	29.06%	34.64%	35.17%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%
	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.008316186%	0.007848355%	0.007194699%	0.008436522%	0.00765235%
City's proportionate share of the net pension liability (asset)	\$ 930,498	\$ 830,679	\$ 769,290	\$ 983,242	\$ 780,419
City's covered payroll	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644	\$ 2,386,450
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.45%	32.40%	33.01%	39.57%	32.70%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

CITY OF GREEN COVE SPRINGS, FLORIDA**Schedule of Contributions – Health Insurance Subsidy Pension Plan**

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 117,336	\$ 92,263	\$ 66,304	\$ 62,713	\$ 54,433
Contributions in relation to the contractually required contribution	<u>(117,336)</u>	<u>(92,263)</u>	<u>(66,304)</u>	<u>(62,713)</u>	<u>(54,433)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$5,866,800	\$5,287,278	\$3,994,236	\$3,777,880	\$3,279,119
Contributions as a percentage of covered payroll	2.00%	1.75%	1.66%	1.66%	1.66%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 46,179	\$ 42,562	\$ 38,681	\$ 43,243	\$ 29,252
Contributions in relation to the contractually required contribution	<u>(46,179)</u>	<u>(42,562)</u>	<u>(38,681)</u>	<u>(43,243)</u>	<u>(29,252)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$2,781,866	\$2,563,966	\$2,330,206	\$2,484,644	\$2,386,450
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.26%

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total OPEB Liability				
Service cost	\$ 37,968	\$ 40,575	\$ 77,103	\$ 56,633
Interest	16,445	20,800	13,577	12,530
Differences between expected and actual experience	(130,698)	-	(59,126)	-
Changes in assumptions	168,386	(5,086)	(141,556)	(18,956)
Benefit payments	(12,203)	(30,320)	(40,303)	(36,436)
Net change in total OPEB Liability	79,898	25,969	(150,305)	13,771
Total OPEB Liability - beginning	436,449	410,480	560,785	547,014
Total OPEB Liability - ending	<u>\$ 516,347</u>	<u>\$ 436,449</u>	<u>\$ 410,480</u>	<u>\$ 560,785</u>
 Covered-employee payroll	 \$ 5,245,202	 \$ 5,134,875	 \$ 5,009,634	 \$ 4,205,268
 Total OPEB liability as a percentage of covered-employee payroll	 9.84%	 8.50%	 8.19%	 13.34%
 Assumption changes				
Discount rate	4.06%	4.87%	4.77%	2.43%

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CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Changes in the Total OPEB Liability and Related Ratios (concluded)

Reporting date	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability			
Service cost	\$ 52,822	\$ 35,852	\$ 37,406
Interest	19,054	21,485	19,120
Differences between expected and actual experience	(47,916)	-	-
Changes in assumptions	14,787	31,216	(27,170)
Benefit payments	(37,802)	(40,776)	(37,495)
Net change in total OPEB Liability	945	47,777	(8,139)
Total OPEB Liability - beginning (*)	546,069	498,292	506,431
Total OPEB Liability - ending	<u>\$ 547,014</u>	<u>\$ 546,069</u>	<u>\$ 498,292</u>
 Covered-employee payroll	 \$ 4,102,700	 \$ 3,399,116	 \$ 3,316,211
 Total OPEB liability as a percentage of covered-employee payroll	 13.33%	 16.07%	 15.03%
 Assumption changes			
Discount rate	2.14%	3.58%	4.18%

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

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

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

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

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



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SUPPLEMENTARY INFORMATION

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Balance Sheet – Non-Major Governmental Funds

as of September 30, 2024

	Special Revenue Funds			Capital Project Funds		Total
	Disaster Recovery Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	Nonmajor Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 24,573	\$ 177,362	\$ 4,093	\$ -	\$ 9	\$ 206,037
TOTAL ASSETS	<u>\$ 24,573</u>	<u>\$ 177,362</u>	<u>\$ 4,093</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 206,037</u>
LIABILITIES						
Accounts payable	26,404	1,629	-	-	-	28,033
Accrued payroll	113,528	8,087	-	-	-	121,615
Due to other governments	-	2,114	-	-	-	2,114
TOTAL LIABILITIES	<u>139,932</u>	<u>11,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,762</u>
FUND BALANCE						
Restricted for:						
Building code enforcement	-	165,532	-	-	-	165,532
Law enforcement expenditures	-	-	4,093	-	-	4,093
Assigned to:						
Capital improvements	-	-	-	-	9	9
Unassigned	(115,359)	-	-	-	-	(115,359)
TOTAL FUND BALANCES	<u>(115,359)</u>	<u>165,532</u>	<u>4,093</u>	<u>-</u>	<u>9</u>	<u>54,275</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 24,573</u>	<u>\$ 177,362</u>	<u>\$ 4,093</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 206,037</u>

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
for the year ended September 30, 2024

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Disaster Recovery Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
REVENUES:						
Licenses and permits	\$ -	\$ 401,417	\$ -	\$ -	\$ -	\$ 401,417
Other	-	4,406	-	-	9	4,415
Total revenues	-	405,823	-	-	9	405,832
EXPENDITURES:						
Public safety	-	406,015	-	-	-	406,015
Transportation	115,359	-	-	-	-	115,359
Debt service	-	-	-	159,968	80,938	240,906
Total expenditures	115,359	406,015	-	159,968	80,938	762,280
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115,359)	(192)	-	(159,968)	(80,929)	(356,448)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	159,968	80,938	240,906
TOTAL OTHER FINANCING SOURCES	-	-	-	159,968	80,938	240,906
NET CHANGE IN FUND BALANCE	(115,359)	(192)	-	-	9	(115,542)
FUND BALANCE, beginning of year	-	165,724	4,093	-	-	169,817
FUND BALANCE, end of year	\$ (115,359)	\$ 165,532	\$ 4,093	\$ -	\$ 9	\$ 54,275

CITY OF GREEN COVE SPRINGS, FLORIDAStatement of Net Position— Non-Major Enterprise Fund
for the year ended September 30, 2024

	Solid Waste Fund
ASSETS	
Current assets:	
Receivables:	
Customers, net	\$ 78,381
Total current assets	78,381
Noncurrent assets:	
Capital assets:	
Depreciable, net	341,736
Total noncurrent assets	341,736
Total assets	420,117
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	114,477
Deferred outflows related to OPEB	10,578
Total deferred outflows of resources	125,055
LIABILITIES	
Current liabilities:	
Accounts payable	7,731
Accrued wages	12,479
Due to other funds	54,628
Compensated absences	17,116
Bonds and notes payable, current	55,443
Total current liabilities	147,397
Noncurrent liabilities:	
Customer deposits	52,181
Compensated absences	39,939
Post employment obligation payable	38,087
Net pension liability	346,748
Total noncurrent liabilities	476,955
Total liabilities	624,352
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	38,987
Deferred inflows related to OPEB	19,109
Total deferred inflows of resources	58,096
NET POSITION	
Net investment in capital assets	286,293
Unrestricted	(423,569)
Total net position	\$ (137,276)

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position– Non-Major Enterprise

Funds

for the year ended September 30, 2024

	Business Type Activities - Non-Major Enterprise Funds		
	Solid Waste Fund	Stormwater Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 930,551	\$ -	\$ 930,551
Total operating revenues	930,551	-	930,551
OPERATING EXPENSES:			
Personnel services	611,897	-	611,897
Operating expenses	386,859	-	386,859
Depreciation	77,466	-	77,466
Total operating expenses	1,076,222	-	1,076,222
OPERATING INCOME (LOSS)	(145,671)	-	(145,671)
NONOPERATING REVENUE (EXPENSE)			
Investment revenue	21,695	-	21,695
Interest expense	(3,991)	-	(3,991)
Other, net	11,053	-	11,053
Total nonoperating revenues (expense)	28,757	-	28,757
INCOME BEFORE TRANSFERS	(116,914)	-	(116,914)
TRANSFERS IN (OUT)	(48,000)	-	(48,000)
CHANGE IN NET POSITION	(164,914)	-	(164,914)
NET POSITION, beginning of year	27,638	1,719,001	1,746,639
Restatement (Note 17)	-	(1,719,001)	(1,719,001)
NET POSITION, beginning of year, as restated	27,638	-	27,638
NET POSITION, end of year	\$ (137,276)	\$ -	\$ (137,276)

CITY OF GREEN COVE SPRINGS, FLORIDAStatement of Cash Flows– Non-Major Enterprise Fund
for the year ended September 30, 2024

	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 914,257
Payments to suppliers	(380,979)
Payments for salaries and benefits	(655,904)
Net cash flows from operating activities	(122,626)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds, net of change in amounts due to other funds	6,628
Increase (decrease) in deposits	5,900
Net cash flows from noncapital financing activities	12,528
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(203,438)
Principal paid on notes, bonds and lease obligations	(53,186)
Interest paid on borrowings and other debt costs	(3,991)
Net cash flows from capital and related financing activities	(260,615)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	21,695
Other income	11,053
Net cash flows from investing activities	32,748
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(337,965)
CASH AND CASH EQUIVALENTS, beginning of year	337,965
CASH AND CASH EQUIVALENTS, end of year	\$ -
As shown in the Accompanying Financial Statements	
Equity in cash and investments	\$ -
Total cash and cash equivalents	\$ -
Noncash financing and investing activities:	
None	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (145,671)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	77,466
(Increase) decrease in accounts receivable	(16,294)
Increase (decrease) in accounts payable	5,880
Increase (decrease) in accrued wages and compensated absences	(56,182)
(Increase) decrease in OPEB related deferred outflows	(10,578)
Increase (decrease) in the total OPEB liability	5,521
Increase (decrease) in OPEB related deferred inflows	6,788
(Increase) decrease in pension related deferred outflows	5,232
Increase (decrease) in the net pension liability	(21,354)
Increase (decrease) in pension related deferred inflows	26,566
Net cash flows from operating activities	\$ (122,626)

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Net Position– Internal Service Funds
for the year ended September 30, 2024

	Business Type Activities - Internal Service Funds		
	Customer Service Fund	Self-Insurance Fund	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 222,699	\$ 379,375	\$ 602,074
Receivables, net	-	36,595	36,595
Total current assets	222,699	415,970	638,669
Noncurrent assets:			
Capital assets:			
Depreciable, net	48,510	-	48,510
Total noncurrent assets	48,510	-	48,510
Total assets	271,209	415,970	687,179
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	110,670	-	110,670
Deferred outflows related to OPEB	8,523	-	8,523
Total deferred outflows of resources	119,193	-	119,193
LIABILITIES			
Current liabilities:			
Accounts payable	5,088	330,069	335,157
Accrued personnel liabilities	15,280	-	15,280
Compensated absences	17,483	-	17,483
Total current liabilities	37,851	330,069	367,920
Noncurrent liabilities:			
Compensated absences	40,793	-	40,793
Post employment obligation payable	29,455	-	29,455
Net pension liability	335,010	-	335,010
Total noncurrent liabilities	405,258	-	405,258
Total liabilities	443,109	330,069	773,178
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	38,752	-	38,752
Deferred inflows related to OPEB	14,930	-	14,930
Total deferred inflows of resources	53,682	-	53,682
NET POSITION			
Net investment in capital assets	48,510	-	48,510
Unrestricted	(154,899)	85,901	(68,998)
Total net position	\$ (106,389)	\$ 85,901	(20,488)

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position— Internal Service Funds
for the year ended September 30, 2024

	Business Type Activities - Enterprise Funds		
	Customer Service Fund	Self-Insurance Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 728,627	\$ 1,932,384	\$ 2,661,011
Total operating revenues	728,627	1,932,384	2,661,011
OPERATING EXPENSES:			
Personnel services	588,107	-	588,107
Operating expenses	102,664	1,739,239	1,841,903
Depreciation	10,601	-	10,601
Total operating expenses	701,372	1,739,239	2,440,611
OPERATING INCOME (LOSS)	27,255	193,145	220,400
NONOPERATING REVENUE (EXPENSE)			
Investment income (loss)	1,378	135	1,513
Total nonoperating revenues (expense)	1,378	135	1,513
CHANGE IN NET POSITION	28,633	193,280	221,913
NET POSITION, beginning of year	(135,022)	-	(135,022)
Restatement (Note 17)	-	(107,379)	(107,379)
NET POSITION, beginning of year, as restated	(135,022)	(107,379)	(242,401)
NET POSITION, end of year	\$ (106,389)	\$ 85,901	\$ (20,488)

CITY OF GREEN COVE SPRINGS, FLORIDA

Combining Statement of Cash Flows– Internal Service Funds
for the year ended September 30, 2024

	Business Type Activities - Non-Major Enterprise Funds		
	Customer Service Fund	Self-Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 728,627	\$ 1,895,789	\$ 2,624,416
Payments to suppliers	(98,443)	(1,516,549)	(1,614,992)
Payments for salaries and benefits	(568,846)	-	(568,846)
Net cash flows from operating activities	61,338	379,240	440,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets, net of related payables	(6,471)	-	(6,471)
Net cash flows from capital and related financing activities	(6,471)	-	(6,471)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on invested funds	1,378	135	1,513
Net cash flows from investing activities	1,378	135	1,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,245	379,375	435,620
CASH AND CASH EQUIVALENTS, beginning of year	166,454	-	166,454
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 222,699</u>	<u>\$ 379,375</u>	<u>\$ 602,074</u>
As shown in the Accompanying Financial Statements			
Equity in cash and investments	\$ 222,699	\$ 379,375	\$ 602,074
Total cash and cash equivalents	<u>\$ 222,699</u>	<u>\$ 379,375</u>	<u>\$ 602,074</u>
Noncash financing and investing activities:			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 27,255	\$ 193,145	\$ 220,400
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	10,601	-	10,601
(Increase) decrease in accounts receivable	-	(36,595)	(36,595)
Increase (decrease) in accounts payable	4,221	222,690	226,911
Increase (decrease) in accrued wages and compensated absences	7,361	-	7,361
(Increase) decrease in OPEB related deferred outflows	(8,523)	-	(8,523)
Increase (decrease) in the total OPEB liability	4,448	-	4,448
Increase (decrease) in OPEB related deferred inflows	5,469	-	5,469
(Increase) decrease in pension related deferred outflows	5,263	-	5,263
Increase (decrease) in the net pension liability	(21,480)	-	(21,480)
Increase (decrease) in pension related deferred inflows	26,723	-	26,723
Net cash flows from operating activities	<u>\$ 61,338</u>	<u>\$ 379,240</u>	<u>\$ 440,578</u>



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GOVERNMENT AUDITING SECTION

CITY OF GREEN COVE SPRINGS, FLORIDASchedule of Expenditures of Federal Awards and State Financial Assistance
for the year ended September 30, 2024**FEDERAL PROGRAMS:**

Federal Grants		Contract/Grant	Total
Funding Source and Grant Program	AL#	Identification	Expenditures
U.S Department of Housing and Urban Development:			
Pass through program:			
Florida Department of Economic Opportunity:			
Community Development Block Grant (CDBG) - Entitlement:			
Grant Cluster:			
Community Development Block Grants/State's Program and			
Non-Entitlement Grants in Hawaii:			
CDBG-NR - Flood and Drainage improvements / Vera Francis Park	14.228	22DB-OP-04-20-02-N22	\$ 586,190
Total U.S. Department of Housing and Urban Development			<u>586,190</u>
U.S. Department of Homeland Security			
Pass through program:			
Florida Division of Emergency Management:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5097	2,246,837
Disaster Grants - Public Assistance Program: Hurricane Idalia	97.036	DR-4734	<u>61,910</u>
Total U.S. Department of Homeland Security			<u>2,308,747</u>
U.S. Department of Justice			
Passed through:			
Florida Department of Law Enforcement:			
Bulletproof Vest Partnership Program	16.607	na	<u>2,706</u>
Total U.S. Department of Justice			<u>2,706</u>
Executive Office of the President			
Direct award:			
High Intensity Drug Trafficking Areas program	95.001	na	<u>11,875</u>
Total Executive Office of the President			<u>11,875</u>
Total Expenditures of Federal Awards			<u>\$ 2,909,518</u>

Continued...

CITY OF GREEN COVE SPRINGS, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance (concluded)
for the year ended September 30, 2024

STATE PROGRAMS:

Funding Source and Grant Program	CSFA#	Contract/Grant Identification	Total Expenditures
State of Florida Department of Environmental Protection			
Direct programs:			
Florida Recreation Development Assistance Program:			
Vera Francis Hall Park, Phase VI	37.017	A2448	\$ 29,976
Augusta Savage Friendship Park, Phase I	37.017	A2470	<u>8,631</u>
Total Florida Recreation Development Assistance Program			38,607
Statewide Water Quality Restoration Projects	37.039	LPA0295	9,012
Grants and Aids to Local Governments and Nonstate entities			
Fixed Capital Outlay Local Parks	37.085	L2101	<u>157,601</u>
Total State of Florida Department of Environmental Protection			<u>205,220</u>
State of Florida Department of Economic Opportunity			
Direct programs:			
Economic Development Tax Refund, Tax Credit and Grant Program			
Florida Job Growth Infrastructure Grant Agreement	40.043	G0071	<u>250,000</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 455,220</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
for the year ended September 30, 2024

NOTE 1 - GENERAL

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

Federal awards and state financial assistance received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2024, the City had no subrecipients and therefore did not pass any federal awards or state financial assistance through to other government agencies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 220, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards Subpart F*, Chapter 691.5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Florida Department of Financial Services; and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the City.

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

NOTE 3 – INDIRECT COST

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

NOTE 4 - CONTINGENCIES

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

NOTE 5 – NON-CASH CONTRIBUTIONS

The City did not receive any federal or state non-cash assistance, including personal protection equipment for the fiscal year ended September 30, 2024.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Green Cove Springs, Florida

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matters which is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001 (formerly 2023-004).

The City’s Response to Findings

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

Purpose of this Report

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

Purvis Gray

May 28, 2025
Gainesville, Florida

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

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

Report on Compliance for Each Major Federal Program/State Project

Opinion on Each Major Federal Program/State Project

We have audited the City of Green Cove Springs, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2024. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program/State Project

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

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Purvis Gray

May 28, 2025
Gainesville, Florida

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Part A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards and State Financial Assistance Projects

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

Identification of Major Programs/Projects:

Federal Program or Cluster

U.S. Department of the Treasury

Passed Through State of Florida Division of Emergency Management

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

American Rescue Plan Act

AL No. 21.027

Dollar threshold used to distinguish between Type A and Type B Federal Programs:	\$750,000
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Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	No
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**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

PART B - FINDINGS - FINANCIAL STATEMENT AUDIT

2024-001 (Formerly -2023-004) – Debt Compliance

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

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

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

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

FY 24 Update: The City did pass their electric utility revenue note debt coverage ratio; however, they did not meet the water system note debt coverage ratio.

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

None

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

None

PART E – SCHEDULE OF PRIOR AUDIT FINDINGS

2023-001 – Journal Entries – Review and Approval – corrective actions were taken.

2023-002 – Bank Reconciliations – Review and Segregation of Duties – corrective actions were taken.

2023-003 – Utility Billing Adjustment Review – corrective actions were taken.

2023-004 – Debt Compliance – corrective actions were not taken – Repeat Finding 2024-001.

2023-005 – ALN 21.027 – Coronavirus and Local Fiscal Recovery Fund – corrective actions were taken.

2023-006 – (Management Letter Comment) – corrective actions have not been fully taken.

2023-007 – (Management Letter Comment) – corrective actions have not been fully taken.

2023-008 – (Management Letter Comment) – corrective actions have been taken.

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

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

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

We have examined the City of Green Cove Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2024. City management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2024.

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

Purvis Gray

May 28, 2025
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Green Cove Springs, Florida (the City) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 28, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 28, 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. All prior audit findings were corrected except for findings 2023-004 (2024-001 current year) and 2023-006 (2024-002 current year), and 2023-007 (2024-003).

Official Title and Legal Authority

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

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

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we do have the following recommendation:

2024-002 (Formerly 2023-006) – Electric and Water Utility Profitability

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

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

FY24 Update: The Electric Fund posted a profit prior to capital grants and contributions; however, the water fund continues to incur losses prior to capital contributions and transfers. The City has implemented rate changes which should help alleviate these issues moving forward.

2024-003 (Formerly 2023-007) – General Fund Unassigned Fund Balance Deficit

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

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

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

MANAGEMENT LETTER

FY 24 Update: Although the City has resolved the negative unassigned deficit, it should be noted that the City does not have sufficient unassigned fund balance in the general fund. The Government Finance Officers Association recommends that City's maintain a minimum unassigned fund balance of two months of the fund's expenditures.

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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a, *Rules of the Auditor General*, the City is required is to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. The City has not authorized the operation of a PACE program, and management is not aware of the operation of any such program, within its geographical boundaries.

Additional Matters

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

Purpose of this Letter

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

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

Purvis Gray

May 28, 2025
Gainesville, Florida



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MANAGEMENT RESPONSE LETTER



City of Green Cove Springs Florida

City of Green Cove Springs
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May 28, 2025

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

Dear Ms. Norman:

Pursuant to the provisions of Section 218.39(6) Florida Statutes, the following are the responses to the audit of the City of Green Cove Springs conducted by Purvis, Gray & Company, CPAs for the period October 1, 2023 to September 30, 2024.

2024-001 (Formerly -2023-004) – Debt Compliance

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

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

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

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

FY 24 Update: The City did pass their electric utility revenue note debt coverage ratio; however, they did not meet the water system note debt coverage ratio.

Management's Response - This has been addressed. The rate for Water services has increased by 20% effective October 1, 2024 which will generate estimated additional \$400,000 revenue. Budget control has been implemented in the financial system, and the expenditures are reviewed by department director and Finance. In addition, the City conducts periodic rate studies of the utilities per best practice, and the results

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of these studies are incorporated in the budget for consideration by the Council. The City will also incorporate a contribution to Renewal and Replacement for capital projects in the rate studies.

2024-002 (Formerly 2023-006) – Electric and Water Utility Profitability

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

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

FY24 Update: The Electric Fund posted a profit prior to capital grants and contributions; however, the water fund continues to incur losses prior to capital contributions and transfers. The City has implemented rate changes which should help alleviate these issues moving forward

Management’s Response - This has been addressed. A 20% rate increase for Water services went into effect on October 1, 2024. The City conducts periodic rate studies per best practice, and the results will be incorporated into the annual budget and present to the City Council for consideration. We will also include a contribution to Renewal and Replacement fund for capital projects in the rate study.

2024-003 (Formerly 2023-007) – General Fund Unassigned Fund Balance Deficit

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

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

FY 24 Update: Although the City has resolved the negative unassigned deficit, it should be noted that the City does not have sufficient unassigned fund balance in the general fund. The Government Finance Officers Association recommends that City’s maintain a minimum unassigned fund balance of two months of the fund’s expenditures.

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