

**CITY OF GREEN COVE SPRINGS, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**



CITY COUNCIL

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

CITY MANAGER

Steve Kennedy

CITY CLERK

Erin West

FINANCE DIRECTOR

Marlena Guthrie

**CITY OF GREEN COVE SPRINGS, FLORIDA
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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager,
City of Green Cove Springs, Florida:

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City), as of and for the year ended September 30, 2022, 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 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, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of New Accounting Standard

As discussed in Note 13(a) to the financial statements, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, (GASB 87). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards and state financial assistance, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes, *Florida Single Audit Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

Daytona Beach, Florida
June 1, 2023

CITY OF GREEN COVE SPRINGS, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Green Cove Springs' (the City) Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A 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.

Financial Highlights

- The City's assets exceeded its liabilities at September 30, 2022, by \$69 million. Unrestricted net position was \$7.9 million at September 30, 2022.
- The City's net position increased by \$2,035,905 or 3.04%. The governmental net position increased \$893,179 or 3.25% and the business-type net position increased by \$1,142,726 or 2.89%.
- The governmental net position increased due to an increase in property taxes and state shared revenues, and the business-type net position increased due to increased electric charges for services.

Overview of Financial Statements

The MD&A is intended to serve as an introduction to the City's Basic Financial Statements. The City's Basic Financial Statements consist of three components: (1) Government-wide Financial Statements; (2) Fund Balance Statements; and (3) Notes to Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The focus of the *Statement of Net Position (the "Unrestricted Net Position")* is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates the governmental fund's current financial resources, short-term spendable resources with capital assets, and long-term obligations. Over time, increases and decreases 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. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave.) This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, economic environment and culture, and recreation. The business-type activities include electric, water, wastewater, stormwater, and solid waste collection. The business-type activities reflect private sector type operations where the fee for service typically covers all or most of the cost of operation including depreciation.

CITY OF GREEN COVE SPRINGS, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds ⁽¹⁾—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds—The City maintains five (5) *proprietary funds*. These funds and one Internal Service Fund "Customer Service" are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City accounts for five (5) activities in the enterprise funds: electric power distribution, water, wastewater, stormwater, and solid waste collection.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the five (5) utility funds, which are considered to be major funds of the City.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 fund financial statements. The Notes to the Financial Statements can be found on pages 25 through 52 of this report.

Government-wide Financial Analysis—Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$69,006,234, which reflects an increase of \$2,035,905 at the close of the fiscal year ended September 30, 2022. A portion of the City's net position, \$7,048,289, represents resources that are subject to external restrictions on how they may be used. Governmental activities had \$4,203,183 in restricted net position and the business-type activities had \$2,845,106 in restricted net position at September 30, 2022.

⁽¹⁾ *Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major funds, rather than fund type.*

**CITY OF GREEN COVE SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

The following reflects the condensed Statement of Net Position compared to the prior year.

**Statement of Net Position
As of September 30, 2022 (In 000s)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2021	2022	2021	2022	2021	2022	
Current and							
Other Assets	\$ 7,620	\$ 8,626	\$ 18,840	\$ 18,742	\$ 26,460	\$ 27,368	3.43%
Capital Assets	28,169	27,938	41,331	49,972	69,500	77,910	12.10%
Total Assets	35,789	36,564	60,171	68,714	95,960	105,278	9.71%
Deferred Outflows	1,416	2,528	488	759	1,904	3,287	72.64%
Current							
Liabilities	3,156	4,155	4,463	4,991	7,619	9,146	20.04%
Long-term							
Liabilities	3,196	4,672	15,810	23,670	19,006	28,342	49.12%
Total							
Liabilities	6,352	8,827	20,273	28,661	26,625	37,488	40.80%
Deferred Inflows	3,372	1,890	897	181	4,269	2,071	-51.49%
Net Position:							
Net Investment							
in Capital Assets	26,680	26,662	25,595	27,430	52,275	54,092	3.48%
Restricted	4,451	4,203	2,437	2,845	6,888	7,048	2.32%
Unrestricted	(3,650)	(2,490)	11,457	10,356	7,807	7,866	0.76%
Total Net							
Position	\$ 27,481	\$ 28,375	\$ 39,489	\$ 40,631	\$ 66,970	\$ 69,006	3.04%

Normal Impacts

There are six (6) basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities—which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital—which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital—which will reduce current assets and increase capital assets.

**CITY OF GREEN COVE SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Spending of Non-Borrowed Current Assets on New Capital—which will: (a) reduce current assets and increase capital assets; and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt—which will: (a) reduce current assets and reduce long-term debt; and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation—which will reduce capital assets and net investment in capital assets.

Current Year Impacts

ARPA—The City received its second installment of ARPA Funds, which increased governmental activities unearned revenue, a current liability, by approximately \$2.1M. The liability was then reduced by ARPA revenue recognized in the current year of approximately \$1.2M.

Leases—The City recorded two facility lease agreements under GASB 87 resulting in increased lease receivables of \$338k and increased deferred inflows of \$337k.

Statement of Activities

The following schedule compares the revenues and expenses for the current and previous fiscal year.

**Change in Net Position
As of September 30, 2022 (In 000s)**

	Governmental		Business-type		Total Primary		Total % Change
	Activities		Activities		Government		
	2021	2022	2021	2022	2021	2022	
<u>REVENUES</u>							
Charges for Services	\$ 1,360	\$ 1,557	\$ 20,288	\$ 22,488	\$ 21,648	\$ 24,045	11.07%
Operating Grants and Contributions	878	536	-	-	878	536	-38.95%
Capital Grants and Contributions	530	-	5,008	1,702	5,538	1,702	-69.27%
General Revenues:							
Property Taxes	1,915	2,042	-	-	1,915	2,042	6.63%
State Revenue Sharing	275	365	-	-	275	365	32.73%
Sales and Use Tax	503	359	-	-	503	359	-28.63%
Discretionary Sales Surtax	1,034	1,447	-	-	1,034	1,447	39.94%
Investment Income	2	17	8	43	10	60	500.00%
Business and Utility Taxes	606	679	-	-	606	679	12.05%
Sale of Fixed Assets	-	-	-	-	-	-	
Other General Revenues	522	1,839	83	60	605	1,899	213.88%
Total Revenues	\$ 7,625	\$ 8,841	\$ 25,387	\$ 24,293	\$ 33,012	\$ 33,134	0.37%

**CITY OF GREEN COVE SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

	Governmental		Business-type		Total Primary		Total % Change
	Activities		Activities		Government		
	2021	2022	2021	2022	2021	2022	
EXPENSES							
Governmental							
Activities:							
General							
Government	\$ 2,038	\$ 2,257	\$ -	\$ -	\$ 2,038	\$ 2,257	10.75%
Public Safety	2,956	3,681	-	-	2,956	3,681	24.53%
Transportation	1,448	1,650	-	-	1,448	1,650	13.95%
Physical							
Environment	263	344	-	-	263	344	30.80%
Culture and							
Recreation	1,058	1,094	-	-	1,058	1,094	3.40%
Interest on							
Long-term Debt	31	27	-	-	31	27	-12.90%
Business-type							
Activities:							
Electric	-	-	12,023	15,950	12,023	15,950	32.66%
Water	-	-	2,002	2,208	2,002	2,208	10.29%
Wastewater	-	-	2,411	2,746	2,411	2,746	13.89%
Stormwater	-	-	236	258	236	258	9.32%
Solid Waste	-	-	814	884	814	884	8.60%
Total Expenses	\$ 7,794	\$ 9,053	\$ 17,486	\$ 22,046	\$ 25,280	\$ 31,099	23.02%
Excess of Revenues							
Over Expenses	\$ (169)	\$ (212)	\$ 7,901	\$ 2,248	\$ 7,732	\$ 2,036	-73.67%
Transfers	1,035	1,105	(1,035)	(1,105)	-	-	
NET INCREASE	\$ 866	\$ 893	\$ 6,866	\$ 1,143	\$ 7,732	\$ 2,036	-73.67%

CITY OF GREEN COVE SPRINGS, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

Normal Impacts

There are seven (7) basic impacts on revenues and expenses that are most significant as reflected below.

Revenues

Economic Condition—which can reflect a declining, stable, or growing economic environment and has a substantial impact on ad valorem, sales, gas, or other tax revenue as well as public spending habits for building permits and utility user fees.

Increase/Decrease in Council-approved rates—while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (electric, water, wastewater, stormwater, solid waste, permitting, impact fee, recreation user fees, etc.)

Changing Patterns in Intergovernmental and Grant Revenue— (both recurring and nonrecurring) certain recurring rates (state revenue sharing, grants, etc.) may experience significant changes periodically while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Contribution from the Electric, Water, Sewer, and Solid Waste Funds—the City owns and operates the Electric, Water, Wastewater, and Solid Waste Utility systems and provides administrative and support services for these utilities. In return, the City receives payments from the utilities. Therefore, the ongoing competitiveness and vitality of the utilities are important to the City's well-being.

Expenses

Introduction of New Programs—within the functional expense categories (General Government, Public Safety, and Transportation) individual programs may be added or deleted to meet changing community needs.

Authorized Personnel—changes in service demand may cause the Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) of the City's total net operating budget.

Inflation—the City is a major consumer of certain commodities such as chemicals, supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts

Revenues

The City's property tax revenue increased by 6.61% for fiscal year 2022. The City's millage rate for this fiscal year is 3.80 mills. The passing of Amendment 1, Property Tax Reform, limits governments in their ability to collect additional ad valorem tax.

Investment revenues are decreasing due to decreasing market rates.

The business-type activities (Proprietary Fund) revenues increased due mainly to an increase in electric charges, solid waste charges, wastewater capital grants and stormwater fees.

Expenses

The primary increase in the business-type activities is a result of an increase in electric power costs.

Proprietary Funds

The Utility Fund accounting for the Electric, Water, Wastewater, Stormwater, Solid Waste, internal service fund activities had an increase in net position of \$1,142,726.

**CITY OF GREEN COVE SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had approximately \$77,910,000 invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of approximately \$8,410,000 or 12.10% from the end of last year. Capital Asset Activity is further outlined in the Notes to Financial Statements, Note No. 6.

	Net of Depreciation					
	(In 000s)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2022	2021	2022	2021	2022
Land and Land Rights	\$ 8,063	\$ 8,063	\$ 227	\$ 227	\$ 8,290	\$ 8,290
Construction in Progress	376	-	12,058	10,580	12,434	10,580
Buildings and Plants	13,543	14,069	56,068	68,867	69,611	82,935
Improvements Other than Buildings	8,254	9,157	-	-	8,254	9,158
Equipment	3,695	4,069	-	-	3,695	4,069
Infrastructure	9,858	9,858	11,775	12,227	21,633	22,085
Less:						
Accumulated Depreciation	(15,620)	(17,278)	(38,797)	(41,928)	(54,417)	(59,206)
Total	\$ 28,169	\$ 27,938	\$ 41,331	\$ 49,973	\$ 69,500	\$ 77,911

The following reconciliation summarizes the change in Capital Assets.

	Change in Capital Assets					
	(In 000s)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2022	2021	2022	2021	2022
Beginning Balance, Net	\$27,868	\$28,169	\$32,785	\$41,331	\$60,653	\$69,500
Additions	2,267	1,812	10,985	13,272	13,252	15,084
Retirement						
Other	-520	-385	-176	-1,500	-696	-1,885
Depreciation	-1,446	-1,658	-2,263	-3,130	-3,709	-4,788
Ending Balance, Net	\$28,169	\$27,938	\$41,331	\$49,973	\$69,500	\$77,911

**CITY OF GREEN COVE SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Debt Outstanding

As of year-end, the City had the following debt. The City Debt is further outlined in the Notes to the Financial Statements, Note No. 8.

Outstanding Debt, at Year-end		
(In 000s)		
	Totals	
	2021	2022
Governmental:		
Compensated Absences	\$ 519	\$ 573
Total OPEB Liability	386	242
Sales Tax Revenue Note		
Series 2016A	765	617
Series 2016B	724	659
Net Pension Liability	1,171	2,971
Sub-Total – Governmental	3,565	5,062
Business-type:		
Utility Notes	15,736	22,543
Compensated Absences	414	381
Total OPEB Liability	174	167
Net Pension Liability	663	1,917
Sub-Total – Business-Type	16,987	25,008
Total	\$ 20,552	\$ 30,070

ECONOMIC FACTORS

The State of Florida, by Constitution, does not have a state personal income tax and, therefore, the state operates primarily using sales, gasoline, and corporate income taxes. Local governments primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utilities services, local business, etc.) and franchise fees for their governmental activities. There are a limited number of state-shared revenues and recurring and nonrecurring (one-time) grants from both the state and federal governments.

For the business-type and certain governmental activities, the user (of services) pays a related fee (or charge) associated therewith.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City's Finance Director at City Hall at 321 Walnut Street, Green Cove Springs, Florida 32043, telephone (904) 297-7500.

BASIC FINANCIAL STATEMENTS

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements, Budget and Actual Statements, and Notes to the Financial Statements.

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash	\$ 4,364,680	\$ 7,997,202	\$ 12,361,882
Investments	1,643,659	4,767,772	6,411,431
Receivables, net	24,138	2,918,380	2,942,518
Lease Receivables, net	339,240	-	339,240
Due from other governments	648,607	848,139	1,496,746
Inventories	76,330	1,691,303	1,767,633
Prepays	566,425	-	566,425
Restricted assets:			
Equity in pooled cash	232,889	48,112	281,001
Investments	-	372,009	372,009
Net pension asset	830,043	-	830,043
Capital assets:			
Capital assets, not being depreciated	8,062,781	10,806,903	18,869,684
Other capital assets, net of depreciation	19,874,947	39,165,872	59,040,819
Total assets	<u>\$ 36,564,464</u>	<u>\$ 68,714,967</u>	<u>\$ 105,279,431</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 2,527,938</u>	<u>\$ 759,011</u>	<u>\$ 3,286,949</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 696,305	\$ 2,470,274	\$ 3,166,579
Customer deposits	-	888,368	888,368
Unearned revenue	3,063,116	238,776	3,301,892
Accrued interest payable	6,222	54,664	60,886
Noncurrent liabilities:			
Due within one year:			
Bonds, notes, and leases payable	218,000	1,224,350	1,442,350
Compensated absences	171,771	114,331	286,102
Due in more than one year:			
Bonds, notes, and leases payable	1,058,000	21,318,194	22,376,194
Compensated absences	400,799	266,769	667,568
Total OPEB liability	242,606	167,874	410,480
Net pension liability	2,970,995	1,917,298	4,888,293
Total liabilities	<u>\$ 8,827,814</u>	<u>\$ 28,660,898</u>	<u>\$ 37,488,712</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	\$ 336,785	\$ -	\$ 336,785
Deferred inflows related to OPEB	106,749	73,864	180,613
Deferred inflows related to pensions	1,446,444	107,592	1,554,036
Total deferred inflows	<u>\$ 1,889,978</u>	<u>\$ 181,456</u>	<u>\$ 2,071,434</u>
NET POSITION			
Net investment in capital assets	\$ 26,661,728	\$ 27,430,231	\$ 54,091,959
Restricted for:			
Public safety	92,878	-	92,878
Pensions	830,043	-	830,043
Debt service	55,000	365,457	420,457
Building department	378,429	-	378,429
Capital projects - infrastructure surtax	1,962,768	-	1,962,768
Capital projects - transportation only	557,305	-	557,305
Transportation - operations and capital	326,760	-	326,760
System Improvements	-	2,479,649	2,479,649
Unrestricted	(2,490,301)	10,356,287	7,865,986
Total net position	<u>\$ 28,374,610</u>	<u>\$ 40,631,624</u>	<u>\$ 69,006,234</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,256,982	\$ 127,309	\$ -	\$ -	\$ (2,129,673)	\$ -	\$ (2,129,673)
Public safety	3,680,870	1,234,070	68,751	-	(2,378,049)	-	(2,378,049)
Transportation	1,650,013	-	467,284	-	(1,182,729)	-	(1,182,729)
Physical environment	344,218	-	-	-	(344,218)	-	(344,218)
Culture and recreation	1,094,352	196,021	-	-	(898,331)	-	(898,331)
Interest on long-term debt	26,643	-	-	-	(26,643)	-	(26,643)
Total governmental activities	<u>9,053,078</u>	<u>1,557,400</u>	<u>536,035</u>	<u>-</u>	<u>(6,959,643)</u>	<u>-</u>	<u>(6,959,643)</u>
Business-type activities:							
Electric	15,950,031	15,567,484	-	375,207	-	(7,340)	(7,340)
Water	2,207,691	1,994,215	-	44,225	-	(169,251)	(169,251)
Sewer	2,745,686	3,241,940	-	1,282,897	-	1,779,151	1,779,151
Solid Waste	884,084	851,437	-	-	-	(32,647)	(32,647)
Stormwater	258,513	832,864	-	-	-	574,351	574,351
Total business-type activities	<u>22,046,005</u>	<u>22,487,940</u>	<u>-</u>	<u>1,702,329</u>	<u>-</u>	<u>2,144,264</u>	<u>2,144,264</u>
Total primary government	<u>\$ 31,099,083</u>	<u>\$ 24,045,340</u>	<u>\$ 536,035</u>	<u>\$ 1,702,329</u>	<u>(6,959,643)</u>	<u>2,144,264</u>	<u>(4,815,379)</u>
General revenues:							
Property taxes					2,042,197	-	2,042,197
Sales taxes					1,807,904	-	1,807,904
Public service taxes					441,579	-	441,579
Other taxes					35,532	-	35,532
Franchise and utility taxes					201,330	-	201,330
State revenue sharing					365,272	-	365,272
Other intergovernmental revenues					1,730,085	-	1,730,085
Investment earnings					17,287	43,391	60,678
Miscellaneous revenues					106,636	60,071	166,707
Transfers					1,105,000	(1,105,000)	-
Total general revenues and transfers					<u>7,852,822</u>	<u>(1,001,538)</u>	<u>6,851,284</u>
Change in net position					893,179	1,142,726	2,035,905
Net position - beginning					27,481,431	39,488,898	66,970,329
Net position - ending					<u>\$ 28,374,610</u>	<u>\$ 40,631,624</u>	<u>\$ 69,006,234</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in pooled cash and investments	\$ 5,120,165	\$ 1,121,063	\$ 6,241,228
Accounts receivable, net	24,138	-	24,138
Lease Receivables, net	339,240	-	339,240
Due from other governments	587,332	61,275	648,607
Inventories	76,330	-	76,330
Prepaid items	566,425	-	566,425
Total assets	<u>\$ 6,713,630</u>	<u>\$ 1,182,338</u>	<u>\$ 7,895,968</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 606,072	\$ 90,233	\$ 696,305
Unearned revenue	3,063,116	-	3,063,116
Due to other funds	-	99,275	99,275
Total liabilities	<u>3,669,188</u>	<u>189,508</u>	<u>3,858,696</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	<u>336,785</u>	<u>-</u>	<u>336,785</u>
FUND BALANCES			
Nonspendable:			
Inventories	76,330	-	76,330
Prepaid items	566,425	-	566,425
Restricted for:			
Public safety	67,264	25,614	92,878
Debt service	61,222	-	61,222
Building department	-	378,429	378,429
Capital projects - infrastructure surtax	1,962,768	-	1,962,768
Capital projects - transportation only	557,305	-	557,305
Transportation - operations and capital	326,760	-	326,760
Assigned to:			
Capital improvements	-	676,994	676,994
Unassigned	(910,417)	(88,207)	(998,624)
Total fund balances	<u>2,707,657</u>	<u>992,830</u>	<u>3,700,487</u>
Total liabilities and fund balances	<u><u>\$ 6,713,630</u></u>	<u><u>\$ 1,182,338</u></u>	<u><u>\$ 7,895,968</u></u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balances - total governmental funds		\$ 3,700,487
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	45,216,469	
Less: accumulated depreciation	<u>(17,278,741)</u>	27,937,728
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's net pension (liability) asset of the defined benefit pension plans is reported as a noncurrent (liability) asset. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(2,970,995)	
Net pension asset	830,043	
Deferred outflows related to pensions	2,527,938	
Deferred inflows related to pensions	<u>(1,446,444)</u>	(1,059,458)
On the governmental fund statements, total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred inflows related to OPEB are also reported.		
Total OPEB liability	(242,606)	
Deferred inflows related to OPEB	<u>(106,749)</u>	(349,355)
Long-term liabilities, including bonds payable and in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(1,276,000)	
Accrued interest payable	(6,222)	
Compensated absences	<u>(572,570)</u>	(1,854,792)
Net position of governmental activities		<u><u>\$ 28,374,610</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 4,322,065	\$ -	\$ 4,322,065
Permits and fees	9,248	198,782	208,030
Intergovernmental	2,799,957	-	2,799,957
Charges for services	930,698	-	930,698
Fines and forfeitures	1,148,049	-	1,148,049
Investment income	17,287	-	17,287
Miscellaneous	61,636	45,000	106,636
	<u>9,288,940</u>	<u>243,782</u>	<u>9,532,722</u>
Expenditures			
Current:			
General government	2,098,502	356,878	2,455,380
Public safety	3,445,150	-	3,445,150
Transportation	1,159,261	-	1,159,261
Physical environment	314,055	-	314,055
Culture and recreation	565,179	-	565,179
Capital outlay	1,435,935	-	1,435,935
Debt service:			
Principal retirement	-	213,000	213,000
Interest and fiscal charges	-	27,797	27,797
Total expenditures	<u>9,018,082</u>	<u>597,675</u>	<u>9,615,757</u>
Excess (deficiency) of revenues over expenditures	<u>270,858</u>	<u>(353,893)</u>	<u>(83,035)</u>
Other financing sources (uses)			
Transfers in	1,105,000	240,797	1,345,797
Transfers out	(240,797)	-	(240,797)
Total other financing sources (uses)	<u>864,203</u>	<u>240,797</u>	<u>1,105,000</u>
Net change in fund balances	<u>1,135,061</u>	<u>(113,096)</u>	<u>1,021,965</u>
Fund balances, beginning of year	1,572,596	1,105,926	2,678,522
Fund balances, end of year	<u>\$ 2,707,657</u>	<u>\$ 992,830</u>	<u>\$ 3,700,487</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds	\$ 1,021,965
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	1,435,935
Depreciation expense	(1,666,991)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	213,000
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability (asset). Also included in pension/OPEB expense in the Statement of activities are amounts required to be amortized.	
Change in net pension liability (asset) and deferred inflows/outflows related to pensions	(94,922)
Change in total OPEB liability	37,029
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in accrued interest on long-term debt	1,154
Change in compensated absences liability	(53,991)
Change in net position of governmental activities	\$ 893,179

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,034,576	\$ 4,034,576	\$ 4,322,065	\$ 287,489
Permits and fees	8,000	8,000	9,248	1,248
Intergovernmental	6,187,300	6,187,300	2,799,957	(3,387,343)
Charges for services	871,145	871,145	930,698	59,553
Fines and forfeitures	1,343,939	1,343,939	1,148,049	(195,890)
Investment income	3,000	3,000	17,287	14,287
Miscellaneous	45,000	45,000	61,636	16,636
Total revenues	<u>12,492,960</u>	<u>12,492,960</u>	<u>9,288,940</u>	<u>(3,204,020)</u>
EXPENDITURES				
Current:				
General government	4,082,133	4,082,133	2,098,502	1,983,631
Public safety	3,457,489	3,457,489	3,445,150	12,339
Transportation	1,086,682	1,086,682	1,159,261	(72,579)
Physical environment	245,053	245,053	314,055	(69,002)
Culture and recreation	597,947	597,947	565,179	32,768
Capital outlay	4,312,859	4,312,859	1,435,935	2,876,924
Total expenditures	<u>13,782,163</u>	<u>13,782,163</u>	<u>9,018,082</u>	<u>4,764,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,289,203)</u>	<u>(1,289,203)</u>	<u>270,858</u>	<u>1,560,061</u>
Other financing sources (uses)				
Transfers in	1,105,000	1,105,000	1,105,000	-
Transfers out	(240,797)	(240,797)	(240,797)	-
Proceeds from sale of capital assets	125,000	125,000	-	(125,000)
Total other financing sources (uses)	<u>989,203</u>	<u>989,203</u>	<u>864,203</u>	<u>(125,000)</u>
Net change in fund balances	<u>(300,000)</u>	<u>(300,000)</u>	<u>1,135,061</u>	<u>1,435,061</u>
Fund balances, beginning of year	1,572,596	1,572,596	1,572,596	-
Fund balances, end of year	<u>\$ 1,272,596</u>	<u>\$ 1,272,596</u>	<u>\$ 2,707,657</u>	<u>\$ 1,435,061</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds					Total	Business-type Activities - Internal Service Funds
	Major Funds				Nonmajor Fund		
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		
ASSETS							
Current assets:							
Equity in pooled cash	\$ 2,410,882	\$ 1,889,771	\$ 2,219,732	\$ 450,910	\$ 843,341	\$ 7,814,636	\$ 182,566
Investments	4,541,175	226,597	-	-	-	4,767,772	-
Restricted cash	-	-	48,112	-	-	48,112	-
Restricted investments	272,350	99,659	-	-	-	372,009	-
Accounts receivable, net	2,220,055	187,715	336,931	71,609	102,070	2,918,380	-
Due from other governments	-	-	848,139	-	-	848,139	-
Inventories	1,427,973	249,310	14,006	14	-	1,691,303	-
Due from other funds	99,275	-	-	-	-	99,275	-
Total current assets	<u>10,971,710</u>	<u>2,653,052</u>	<u>3,466,920</u>	<u>522,533</u>	<u>945,411</u>	<u>18,559,626</u>	<u>182,566</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable capital assets	-	147,670	10,659,233	-	-	10,806,903	-
Depreciable capital assets, net	16,108,172	6,732,867	15,339,820	288,880	637,626	39,107,365	58,507
Total noncurrent assets	<u>16,108,172</u>	<u>6,880,537</u>	<u>25,999,053</u>	<u>288,880</u>	<u>637,626</u>	<u>49,914,268</u>	<u>58,507</u>
Total assets	<u>\$ 27,079,882</u>	<u>\$ 9,533,589</u>	<u>\$ 29,465,973</u>	<u>\$ 811,413</u>	<u>\$ 1,583,037</u>	<u>\$ 68,473,894</u>	<u>\$ 241,073</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	<u>\$ 304,039</u>	<u>\$ 130,487</u>	<u>\$ 129,935</u>	<u>\$ 90,023</u>	<u>\$ 21,523</u>	<u>\$ 676,007</u>	<u>\$ 83,004</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 1,556,075	\$ 47,013	\$ 815,023	\$ 19,024	\$ 23,959	\$ 2,461,094	\$ 9,180
Deposits	688,624	86,017	65,932	47,795	-	888,368	-
Unearned revenue	238,776	-	-	-	-	238,776	-
Compensated absences	16,639	31,272	31,665	24,069	690	104,335	9,996
Payable from restricted assets:							
Current maturities on long-term debt	708,000	168,686	322,411	25,253	-	1,224,350	-
Accrued interest payable	36,649	14,951	3,064	-	-	54,664	-
Total current liabilities	<u>3,244,763</u>	<u>347,939</u>	<u>1,238,095</u>	<u>116,141</u>	<u>24,649</u>	<u>4,971,587</u>	<u>19,176</u>
Noncurrent liabilities:							
Bonds and notes payable, net	7,785,000	1,152,087	12,246,707	134,400	-	21,318,194	-
Compensated absences	38,823	72,968	73,884	56,161	1,609	243,445	23,324
Total OPEB liability	58,638	31,283	29,357	23,934	4,283	147,495	20,379
Net pension liability	768,019	329,617	328,220	227,403	54,369	1,707,628	209,670
Total noncurrent liabilities	<u>8,650,480</u>	<u>1,585,955</u>	<u>12,678,168</u>	<u>441,898</u>	<u>60,261</u>	<u>23,416,762</u>	<u>253,373</u>
Total liabilities	<u>\$ 11,895,243</u>	<u>\$ 1,933,894</u>	<u>\$ 13,916,263</u>	<u>\$ 558,039</u>	<u>\$ 84,910</u>	<u>\$ 28,388,349</u>	<u>\$ 272,549</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to OPEB	\$ 25,801	\$ 13,764	\$ 12,917	\$ 10,531	\$ 1,884	\$ 64,897	\$ 8,967
Deferred inflows related to pensions	43,098	18,497	18,421	12,761	3,050	95,827	11,765
Total deferred inflows of resources	<u>\$ 68,899</u>	<u>\$ 32,261</u>	<u>\$ 31,338</u>	<u>\$ 23,292</u>	<u>\$ 4,934</u>	<u>\$ 160,724</u>	<u>\$ 20,732</u>
NET POSITION							
Net investment in capital assets	\$ 7,615,172	\$ 5,559,764	\$ 13,429,935	\$ 129,227	\$ 637,626	\$ 27,371,724	\$ 58,507
Restricted for debt service	235,701	84,708	45,048	-	-	365,457	-
Restricted for system improvements	608,314	663,969	1,207,366	-	-	2,479,649	-
Unrestricted	6,960,592	1,389,480	965,958	190,878	877,090	10,383,998	(27,711)
Total net position	<u>\$ 15,419,779</u>	<u>\$ 7,697,921</u>	<u>\$ 15,648,307</u>	<u>\$ 320,105</u>	<u>\$ 1,514,716</u>	<u>40,600,828</u>	<u>\$ 30,796</u>
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds over time						30,796	
Net position, business-type activities						<u>\$ 40,631,624</u>	

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds					Total	Business-type Activities - Internal Service Funds
	Major Funds				Nonmajor Fund		
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		
Operating revenues							
Charges for services	\$ 15,461,321	\$ 1,979,995	\$ 3,222,004	\$ 846,292	\$ 832,864	\$ 22,342,476	\$ 454,252
Other revenues	106,163	14,220	19,936	5,145	-	145,464	-
Total operating revenues	<u>15,567,484</u>	<u>1,994,215</u>	<u>3,241,940</u>	<u>851,437</u>	<u>832,864</u>	<u>22,487,940</u>	<u>454,252</u>
Operating expenses							
Electric power expense	11,635,835	-	-	-	-	11,635,835	-
Personnel services	1,430,249	660,724	639,359	511,897	101,720	3,343,949	398,034
Billing and administrative	477,524	240,111	274,208	113,874	-	1,105,717	-
Contractual services	278,621	29,403	60,829	14,684	14,435	397,972	39,012
Utilities	14,620	222,804	259,628	8,881	-	505,933	-
Repairs and Maintenance	74,013	187,856	182,145	34,782	26,699	505,495	9,544
Materials and supplies	671,830	105,044	241,004	77,037	15,905	1,110,820	15,307
Insurance	53,367	24,360	-	8,165	-	85,892	1,100
Depreciation	1,159,403	697,067	1,081,297	106,295	99,754	3,143,816	8,497
Total operating expenses	<u>15,795,462</u>	<u>2,167,369</u>	<u>2,738,470</u>	<u>875,615</u>	<u>258,513</u>	<u>21,835,429</u>	<u>471,494</u>
Operating income (loss)	<u>(227,978)</u>	<u>(173,154)</u>	<u>503,470</u>	<u>(24,178)</u>	<u>574,351</u>	<u>652,511</u>	<u>(17,242)</u>
Nonoperating revenues (expenses)							
Interest earnings	30,477	6,005	4,064	2,845	-	43,391	-
Miscellaneous	75,882	1,431	-	-	-	77,313	-
Interest expense	(154,569)	(40,322)	(7,216)	(8,469)	-	(210,576)	-
Total nonoperating revenues (expenses)	<u>(48,210)</u>	<u>(32,886)</u>	<u>(3,152)</u>	<u>(5,624)</u>	<u>-</u>	<u>(89,872)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(276,188)</u>	<u>(206,040)</u>	<u>500,318</u>	<u>(29,802)</u>	<u>574,351</u>	<u>562,639</u>	<u>(17,242)</u>
Capital contributions	375,207	44,225	68,000	-	-	487,432	-
Capital grants	-	-	1,214,897	-	-	1,214,897	-
Transfers out	(850,000)	(100,000)	(135,000)	(20,000)	-	(1,105,000)	-
Change in net position	<u>(750,981)</u>	<u>(261,815)</u>	<u>1,648,215</u>	<u>(49,802)</u>	<u>574,351</u>	<u>1,159,968</u>	<u>(17,242)</u>
Net position, beginning of year	16,170,760	7,959,736	14,000,092	369,907	940,365	39,440,860	48,038
Net position, end of year	<u>\$ 15,419,779</u>	<u>\$ 7,697,921</u>	<u>\$ 15,648,307</u>	<u>\$ 320,105</u>	<u>\$ 1,514,716</u>	<u>\$ 40,600,828</u>	<u>\$ 30,796</u>
Change in enterprise fund's net position						\$ 1,159,968	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						(17,242)	
Change in net position of business-type activities						<u>\$ 1,142,726</u>	

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds					Total	Business-type Activities - Internal Service Funds
	Major Funds				Nonmajor Fund		
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		
Cash flows from operating activities							
Cash received from customers	\$ 14,964,441	\$ 1,970,419	\$ 3,458,836	\$ 855,574	\$ 763,344	\$ 22,012,614	\$ 454,252
Cash paid to employees	(1,689,842)	(913,329)	(933,681)	(576,873)	(121,305)	(4,235,030)	(383,752)
Cash paid to suppliers	(13,190,597)	(728,967)	174,037	(133,448)	(36,443)	(13,915,418)	(64,634)
Net cash provided by (used in) operating activities	84,002	328,123	2,699,192	145,253	605,596	3,862,166	5,866
Cash flows from noncapital financing activities							
Transfers to other funds	(850,000)	(100,000)	(135,000)	(20,000)	-	(1,105,000)	-
Interfund loans	50,194	-	-	-	-	50,194	-
Net cash provided by (used in) noncapital financing activities	(799,806)	(100,000)	(135,000)	(20,000)	-	(1,054,806)	-
Cash flows from capital and related financing activities							
Capital contributions	-	44,225	68,000	-	-	112,225	-
Acquisition and construction of capital assets	(1,437,047)	(72,720)	(9,740,047)	-	(164,582)	(11,414,396)	(4,460)
Capital grants	-	-	451,678	-	-	451,678	-
Other receipts	75,882	1,431	-	-	-	77,313	-
Principal payments of long-term debt	(723,471)	(159,616)	(133,348)	(67,266)	-	(1,083,701)	-
Proceeds from issuance of long-term debt	-	-	7,890,539	-	-	7,890,539	-
Interest paid	(157,577)	(40,322)	(9,303)	(8,624)	-	(215,826)	-
Net cash provided by (used in) capital and related financing activities	(2,242,213)	(227,002)	(1,472,481)	(75,890)	(164,582)	(4,182,168)	(4,460)
Cash flows from investing activities							
Interest received	30,477	6,005	4,064	2,845	-	43,391	-
Purchases of investments	(40,636)	(2,754)	-	-	-	(43,390)	-
Net cash provided by (used in) investing activities	(10,159)	3,251	4,064	2,845	-	1	-
Net change in cash and cash equivalents	(2,968,176)	4,372	1,095,775	52,208	441,014	(1,374,807)	1,406
Cash and cash equivalents, beginning of year	5,379,058	1,885,399	1,172,069	398,702	402,327	9,237,555	181,160
Cash and cash equivalents, end of year	<u>\$ 2,410,882</u>	<u>\$ 1,889,771</u>	<u>\$ 2,267,844</u>	<u>\$ 450,910</u>	<u>\$ 843,341</u>	<u>\$ 7,862,748</u>	<u>\$ 182,566</u>
Cash and cash equivalents classified as:							
Unrestricted	\$ 2,410,882	\$ 1,889,771	\$ 2,219,732	\$ 450,910	\$ 843,341	\$ 7,814,636	\$ 182,566
Restricted	-	-	48,112	-	-	48,112	-
Total cash and cash equivalents	<u>\$ 2,410,882</u>	<u>\$ 1,889,771</u>	<u>\$ 2,267,844</u>	<u>\$ 450,910</u>	<u>\$ 843,341</u>	<u>\$ 7,862,748</u>	<u>\$ 182,566</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (227,978)	\$ (173,154)	\$ 503,470	\$ (24,178)	\$ 574,351	\$ 652,511	\$ (17,242)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,159,403	697,067	1,081,297	106,295	99,754	3,143,816	8,497
Changes in assets and liabilities:							
Accounts receivable	(680,583)	(21,931)	(27,801)	(913)	(69,520)	(800,748)	-
Due from other governments	-	-	239,797	-	-	239,797	-
Inventories	(546,802)	(164,790)	(10,265)	-	-	(721,857)	-
Accounts payable and accrued liabilities	84,491	5,290	927,908	10,101	20,596	1,048,386	329
Deposits	22,965	-	4,900	5,050	-	32,915	-
Unearned revenue	54,575	(1,865)	-	-	-	52,710	-
Compensated absences	751	(20,795)	(19,486)	32,359	(27,148)	(34,319)	1,725
Net pension liability	166,894	16,340	8,955	34,218	14,416	240,823	27,217
Total OPEB liability	50,286	(8,039)	(9,583)	(17,679)	(6,853)	8,132	(14,660)
Net cash provided by (used in) operating activities	<u>\$ 84,002</u>	<u>\$ 328,123</u>	<u>\$ 2,699,192</u>	<u>\$ 145,253</u>	<u>\$ 605,596</u>	<u>\$ 3,862,166</u>	<u>\$ 5,866</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	Pension Trust Fund
ASSETS	
Cash and cash equivalents with trustee	\$ 15,204
Investments, at fair value:	
Pooled Funds – Broad Market HQ	1,108,973
Pooled Funds – Core Plus Fixed Income	1,079,202
Pooled Funds – Equities	3,952,111
Pooled Funds – Core Real Estate	1,228,057
Total investments	7,368,343
Total assets	\$ 7,383,547
NET POSITION	
Restricted for pensions	\$ 7,383,547

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Police Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 238,874
Members	14,360
State	114,750
Total contributions	<u>367,984</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	(1,106,002)
Less: investment management fee	(15,287)
Net investment income (loss)	<u>(1,121,289)</u>
Total additions	<u>(753,305)</u>
Deductions	
Member benefits	70,330
Administration fees	20,963
Total deductions	<u>91,293</u>
Change in net position	<u>(844,598)</u>
Net position restricted for pensions, beginning of year	8,228,145
Net position restricted for pensions, end of year	<u><u>\$ 7,383,547</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

(a) **Reporting entity**—The City which is located in northeast Florida, is a political subdivision of the State of Florida and was established in 1911 by Chapter 6350, Laws of Florida. The City is governed by a five-member City Council and provides utility services (electric, water, sewer, stormwater, and refuse collection), as well as public safety, road and street maintenance, parks, recreation, and general administrative services.

As required by U.S. generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units, if any, would also be presented. 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 financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are hereafter described.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges for services that are directly related to a given function; and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as general revenues.

(d) **Fund financial statements**—Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column.

The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the following major governmental funds:

General Fund—the primary operating fund, used to account for all activities except those required to be accounted for in another fund.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The City reports the following enterprise funds:

Electric Utility Fund—a major enterprise fund, used to account for the activities of the City’s electric utility.

Water Utility Fund—a major enterprise fund, used to account for the activities of the City’s water utility.

Sewer Utility Fund—a major enterprise fund, used to account for the activities of the City’s wastewater utility.

Solid Waste Utility Fund—a major enterprise fund, used to account for the activities of the City’s sanitation utility.

Stormwater Utility Fund—a nonmajor enterprise fund, used to account for the activities of the City’s storm water utility.

The City reports the following fiduciary fund:

Pension Trust Fund—to account for activities of the City’s police officers’ pension plan.

In addition, the government reports the following types of nonmajor funds:

Special Revenue Funds—to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purpose.

Capital Project Funds—to account for the costs of constructing public buildings and renovations.

Internal Service Fund—to account for customer services provided to the proprietary funds.

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

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, pension expenditures, other postretirement benefit expenditures, and expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(f) **Fund balance**—Fund balance classifications are comprised of a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned:

Nonspendable—this component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. On the governmental funds balance sheet, the inventory balance reported is offset by a nonspendable fund balance classification, which indicates it does not constitute “available spendable resources” even though it is a component of net current assets.

Restricted—this component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.

Committed—this component of fund balance consists of amounts that can only be used for the specific purposes determined by a formal action of the City Council’s highest level of decision-making authority (i.e., by ordinance). These committed 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 employed to constrain those amounts.

Assigned—this component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The City Council has not formally delegated 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) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

The City’s fiscal policy establishes a reservation of fund balance equal to 90 days for utility funds and 30 days for the general fund of the current fiscal year operating budget.

(g) **Fund balance flow assumption**—When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the City’s policy to use committed resources first, then assigned, and then unassigned, as needed.

(h) **Deposits and investments**—For purpose of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments are reported at fair value based on quoted market prices, except for the City’s investments in the Florida PRIME portion of the State Investment Pool, which are reported at amortized cost, and certificates of deposit, which are reported at cost, which approximates fair value.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(i) **Accounts receivable**—Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading and bill dates in mid-September through the end of the fiscal year.

(j) **Inventories**—Governmental fund inventories are reported at cost, first-in, first-out (FIFO) under the consumption method. Inventories of the enterprise fund are valued at the lower of cost or market as determined by the average unit cost method.

(k) **Capital assets**—Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at acquisition value at the date of contribution. The City uses a capitalization threshold of \$1,000 for all classes of capital assets. Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

Assets	Years
Water and Wastewater Treatment Plant	20 – 30
Water and Wastewater Pumping and Collecting Plant	20 – 30
General Plant and Equipment	10 – 20
Buildings	30
Improvements Other than Buildings	10 - 30
Machinery and equipment	5 - 35
Infrastructure	20 - 50

(l) **Claims and judgments**—For governmental funds, a fund liability is reported to account for the portion of the liability that will be liquidated with expendable available financial resources. The liability is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

(m) **Compensated absences**—The City's policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In prior years, compensated absences liabilities associated with governmental funds were liquidated by the General Fund which incurred the liabilities.

(n) **Deferred inflows and outflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category is deferred amounts related to pension, as discussed further in Note (9).

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has three items in this category. The first two are deferred inflows of resources related to pensions and deferred inflows of resources related to OPEB, as discussed further in Note (9). The City also has deferred inflows related to leases, which is calculated under GASB Statement No. 87, Leases, as discussed further in Note (7).

(o) **Property taxes**—The Clay County Tax Collector bills and collects property taxes for the City. At September 30, 2022, the property taxes receivable were not material.

Details of the City’s tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Discount Period	November through February
No Discount Period	March
Delinquent Date	April 1

(p) **Budgetary information**—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.

(q) **Operating revenues and expenses**—Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(r) **Restricted net position**—In the accompanying government-wide and proprietary funds' statements of net position, restricted net position is subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(s) **Use of estimates**—The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make various estimates. Actual results could differ from those estimates.

(t) **Leases**— The City is a lessor in two community center lease agreements that qualify for recording under GASB 87, *Leases*. The City determines if an arrangement is a lease at inception. The City recognizes lease receivables and corresponding deferred inflows for all leases that are not considered short-term. Lease receivables represent the City's right to receive lease payments arising from the lease. Deferred inflows represent resources recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods. Subsequently, the lease receivable is reduced by the principal portion of lease payments received, and deferred inflow of resources are recognized as revenue over the life of the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is greater than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease receivable will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. The City's IBR was calculated at 1.980% at September 30, 2021, and was the discount rate utilized for applicable leases beginning October 1, 2021 and applicable lease conversions.

The City's lessor agreements do not contain any material residual value guarantees or material restrictive covenants.

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

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

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) **Deposits and Investments:**

(a) **Deposits**—All of the City’s deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes and, accordingly, are entirely insured by Federal Depository Insurance or collateralized pursuant to the *Florida Security for Public Deposits Act*.

(b) **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 requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, 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 at September 30, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>	<u>Credit Risk</u>
Florida PRIME	\$ 6,783,440	21 days	AAAm(S&P)

Police Officers’ Retirement Trust Fund Investment Portfolio

The Police Officers’ Retirement Trust Fund (the 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 Plan is subject to using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) **Deposits and Investments:** (Continued)

The following chart shows the Municipal Police Officers' Retirement Trust Fund cash and investment accounts by investment portfolios and their respective maturities (in years) and fair value measurement levels:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating (Fitch)</u>	<u>Fair Value Hierarchy Classification</u>
Pooled Funds –Broad Market HQ	\$ 1,108,973	6.70	AAf/S4	Level 2
Pooled Funds – Core Plus Fixed Income	1,079,202	8.92	NR	Level 3
Pooled Funds – Equities	3,952,111	N/A	NR	Level 2
Pooled Funds – Core Real Estate	1,228,057	N/A	NR	Level 3
Cash	15,204	N/A	NR	N/A
Total Portfolio	<u>\$ 7,383,547</u>			

Also included in the balance of cash in the Municipal Police Officers' Retirement Trust Fund investment account is an offsetting Share Plan amount of \$59,224, which is a liability payable to participants of the Share Plan. Due to the offsetting nature of the account balance and the related liability, they have not been presented separately in the Municipal Police Officers' Retirement Trust Fund.

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 Pension Plan require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2022, all investments were held in cash or other assets that could be liquidated at any time.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. All investments are rated within the investment policy guidelines at September 30, 2022.

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 Pension trust fund 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. At September 30, 2022, the investment portfolios met these limitations.

Custodial Credit Risk: Custodial credit risk is the risk that the City 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. At September 30, 2022, the investment portfolio had no foreign investments.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(4) Interfund Balances and Transfers:

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. There were no individual fund interfund receivables and payables.

The following is a summary of interfund transfers made during the 2022 fiscal year:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,105,000	\$ (240,797)
Nonmajor Governmental Funds	240,797	-
Electric Fund	-	(850,000)
Water Fund	-	(100,000)
Sewer Fund	-	(135,000)
Solid Waste Fund	-	(20,000)
Totals	<u>\$ 1,345,797</u>	<u>\$ (1,345,797)</u>

The interfund transfers resulted from the normal course of operations. Transfers to the nonmajor governmental funds were for the wastewater treatment expansion project. Transfers from the utility funds were made for the services provided to such funds by the general fund.

(5) Receivables:

Receivables as of year-end include the applicable allowances for uncollectible accounts. The allowance for uncollectible accounts in the electric, water, and sewer utility fund was \$80,000, \$19,866, and \$13,419, respectively. No other funds had an allowance for uncollectible accounts recorded at September 30, 2022.

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 8,062,781	\$ -	\$ -	\$ 8,062,781
Construction in progress	376,032	-	(376,032)	-
Total capital assets, not being depreciated	<u>8,438,813</u>	<u>-</u>	<u>(376,032)</u>	<u>8,062,781</u>
Capital assets, being depreciated –				
Buildings	13,543,588	525,419	-	14,069,007
Improvements	8,254,107	903,558	-	9,157,665
Machinery and equipment	3,694,605	382,990	(8,516)	4,069,079
Infrastructure	9,857,937	-	-	9,857,937
Total capital assets, being depreciated	<u>35,350,237</u>	<u>1,811,967</u>	<u>(8,516)</u>	<u>37,153,688</u>
Less accumulated depreciation for–				
Total accumulated depreciation	<u>(15,620,266)</u>	<u>(1,666,991)</u>	<u>8,516</u>	<u>(17,278,741)</u>
Total capital assets, being depreciated, net	<u>19,729,971</u>	<u>144,976</u>	<u>-</u>	<u>19,874,947</u>
Governmental activities capital assets, net	<u>\$ 28,168,784</u>	<u>\$ 144,976</u>	<u>\$ (376,032)</u>	<u>\$ 27,937,728</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
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(6) **Capital Assets:** (Continued)

Business-type activities:

Capital assets, not being depreciated –				
Land	\$ 227,136	\$ -	\$ -	\$ 227,136
Construction in progress	12,058,018	-	(1,478,251)	10,579,767
	<u>12,285,154</u>	<u>-</u>	<u>(1,478,251)</u>	<u>10,806,903</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated –				
Electric Transmission and Distribution				
Plant	27,297,421	2,821,538	-	30,118,959
Water/Wastewater Treatment Plant	9,541,319	9,463,678	-	19,004,997
Water/Wastewater Pumping and				
Collection Plant	19,228,880	513,594	-	19,742,474
General Plant and Equipment	11,775,492	473,504	(21,909)	12,227,087
	<u>67,843,112</u>	<u>13,272,314</u>	<u>(21,909)</u>	<u>81,093,517</u>
Total capital assets, being depreciated				
Less accumulated depreciation for –				
Total accumulated depreciation	<u>(38,797,241)</u>	<u>(3,152,313)</u>	<u>21,909</u>	<u>(41,927,645)</u>
Total capital assets, being depreciated, net	<u>29,045,871</u>	<u>10,120,001</u>	<u>-</u>	<u>39,165,872</u>
Business-type activities capital assets, net	<u>\$ 41,331,025</u>	<u>\$ 8,641,750</u>	<u>\$ -</u>	<u>\$ 49,972,775</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 444,585
Public safety	176,557
Transportation	489,339
Physical environment	28,750
Culture and recreation	527,760
Total depreciation expense - governmental activities	<u>\$ 1,666,991</u>
Business-type activities:	
Electric	\$ 1,159,403
Water	697,067
Sewer	1,081,297
Solid Waste	106,295
Internal Service	8,497
Stormwater	99,754
Total depreciation expense - business-type activities	<u>\$ 3,152,313</u>

(7) **Leases:**

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

In 2016, the City entered into a lease agreement with the Episcopal Children’s Services, Inc for the leasing of community center facilities located at Augusta Savage Arts and Community Center. Based on the terms of the agreement, the initial five-year lease began on November 1, 2016, and is scheduled to expire on October 31, 2023, with an option to renew for three additional one-year

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(7) **Leases:** (Continued)

periods provided the parties mutually agree on the terms at the time of renewal. Annual rentals under the lease agreement include minimum monthly payments of \$1,400.

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

For the year ended September 30, 2022, the City recognized \$48,227 in lease revenue and \$6,566 in interest revenue related to these leases. As of September 30, 2022, the City's receivable for lease payments was \$338,681 and for interest payments was \$559. Also, the City has a deferred inflow of resources associated with these leases that will be recognized over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$336,785.

The principal and interest requirements to maturity for these leases as of September 30, 2022, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 49,309	\$ 6,260	\$ 55,569
2024	33,341	5,428	38,769
2025	34,007	4,762	38,769
2026	34,687	4,082	38,769
2027	35,380	3,389	38,769
2028-2032	151,957	6,351	158,308
Total future minimum lease payments	<u>\$ 338,681</u>	<u>\$ 30,272</u>	<u>\$ 368,953</u>

(8) **Long-Term Obligations:**

Long-term liability activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
Sales Tax Revenue Note					
Series 2016A	\$ 765,000	\$ -	\$ (148,000)	\$ 617,000	\$ 151,000
Series 2016B	724,000	-	(65,000)	659,000	67,000
Total bonds and notes payable	1,489,000	-	(213,000)	1,276,000	218,000
Compensated absences	518,579	464,410	(410,419)	572,570	171,771
Governmental activities – Total long-term liabilities	<u>\$ 2,007,579</u>	<u>\$ 464,410</u>	<u>\$ (623,416)</u>	<u>\$ 1,848,570</u>	<u>\$ 389,771</u>
Business-type activities:					
Bonds and notes payable	\$ 15,735,706	\$ 7,890,539	\$ (1,083,701)	\$ 22,542,544	\$ 1,224,350
Compensated absences	413,694	238,268	(270,862)	381,100	114,331
Business-type activities – Total long-term liabilities	<u>\$ 16,149,400</u>	<u>\$ 8,128,807</u>	<u>\$ (1,354,563)</u>	<u>\$ 22,923,644</u>	<u>\$ 1,338,681</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
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SEPTEMBER 30, 2022

(8) **Long-Term Obligations:** (Continued)

Bonds and notes payable in the City’s business-type activities at September 30, 2022, were comprised of the following obligations:

\$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.	\$ 218,773
\$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.	1,102,000
\$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.	1,682,443
\$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.	8,493,000
\$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.	34,026
\$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.	638,945
\$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.	10,213,704
\$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.	159,653
Total bonds and notes payable – business-type activities	<u>\$ 22,542,544</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Long-Term Obligations:** (Continued)

Bonds and notes payable in the City’s governmental activities at September 30, 2022, were comprised of the following obligations:

\$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. \$ 617,000

\$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. 659,000

Total bonds and notes payable – governmental activities \$ 1,276,000

The annual requirements to amortize notes payable as of September 30, 2022, are as follows:

Governmental Activities

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 218,000	\$ 23,883	\$ 241,883
2024	221,000	19,906	240,906
2025	225,000	15,870	240,870
2026	230,000	11,742	241,742
2027	73,000	8,190	81,190
2028-2032	309,000	15,829	324,829
Total	<u>\$ 1,276,000</u>	<u>\$ 95,420</u>	<u>\$ 1,371,420</u>

Business-type Activities

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,224,350	\$ 191,484	\$ 1,415,834
2024	1,462,081	179,020	1,641,101
2025	1,485,498	156,622	1,642,120
2026	1,474,437	136,793	1,611,230
2027	1,463,676	118,329	1,582,005
2028-2032	7,041,089	325,563	7,366,652
2033-2037	3,472,608	28,781	3,501,389
2038-2042	2,300,645	1,949	2,302,594
2043-2047	1,946,790	-	1,946,790
2048-2049	671,370	-	671,370
Total	<u>\$22,542,544</u>	<u>\$ 1,138,541</u>	<u>\$ 23,681,085</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
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(9) Employees' Retirement Plans and Other-Postemployment Benefits:

A. 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. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(9) Employees' Retirement Plans and Other-Postemployment Benefits: (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 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.

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 at September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2022	After June 30, 2022
Regular Class	10.82%	11.91%
Elected Officials	51.42%	57.00%
Senior Management	29.01%	31.57%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll. The current-year employee contribution rate was 3.00%.

For the plan year ended June 30, 2022, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 424,207
Entity Contributions – HIS	67,948
Employee Contributions – FRS	122,798

CITY OF GREEN COVE SPRINGS, FLORIDA
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(9) Employees' Retirement Plans and Other-Postemployment Benefits: (Continued)

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

At September 30, 2022, the City reported a liability of \$4,888,293 for its proportionate share of the net pension liability, \$3,698,909 related to FRS and \$1,189,384 to HIS. The net pension liability was measured as of June 30, 2022, 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. At June 30, 2022 and June 30, 2021, the City's FRS proportion was 0.009941157% and 0.008653284%, respectively. At June 30, 2022 and June 30, 2021, the City's HIS proportion was 0.011229509% and 0.009616089%, respectively. For the year ended September 30, 2022, the City's recognized pension expense of \$624,653 from FRS and \$119,224 from HIS, for a total of \$743,877.

Deferred outflows/inflows related to pensions:

At September 30, 2022, 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	\$ 175,677	\$ -	\$ 36,101	\$ (5,233)
Changes of assumptions	455,536	-	68,176	(183,997)
Net difference between projected and actual investment earnings	244,238	-	1,722	-
Change in City's proportionate share	541,072	(64,705)	282,270	(20,379)
Contributions subsequent to measurement date	112,766	-	17,597	-
	<u>\$ 1,529,289</u>	<u>\$ (64,705)</u>	<u>\$ 405,866</u>	<u>\$ (209,609)</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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2023	\$ 328,815	\$ 29,491	\$ 358,306
2024	200,160	50,215	250,375
2025	52,544	52,088	104,632
2026	704,903	38,892	743,795
2027	65,693	7,996	73,392
Thereafter	-	(22)	(22)
Total	<u>\$ 1,351,818</u>	<u>\$ 178,660</u>	<u>\$ 1,530,478</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 was completed in 2019 for the period July 1, 2003, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF GREEN COVE SPRINGS, FLORIDA
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(9) Employees' Retirement Plans and Other-Postemployment Benefits: (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate decreased from the prior year rate of 6.80%. 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 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. 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.

Long-term expected rate of return:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability (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:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 6,397,009	\$ 3,698,909	\$ 1,442,977
HIS	3.54%	1,360,753	1,189,384	1,047,580

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

B. Retirement Plan for the Police Officers of the City of Green Cove Springs (The 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 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 is provided to retirees and beneficiaries. The Plan's Board of Trustees has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of every other year. Current membership in the Plan was composed of the following at October 1, 2022:

Inactive participants	25
Active participants	22
Retired participants	<u>4</u>
Total current membership	<u><u>51</u></u>

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.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) Employees' Retirement Plans and Other-Postemployment Benefits: (Continued)

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, 2021 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.

The State of Florida also makes contributions to the 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, 2022, were as follows:

Employee contributions	\$	14,360
City contributions		238,874
State contributions		<u>114,750</u>
Total contributions	\$	<u><u>367,984</u></u>

Investment Policy

See Note (3) for additional discussion of the investment policies for the Plan.

Net Pension Liability (Asset)

The components of the net pension liability (asset) for the Plan at September 30, 2022, was as follows:

Total pension liability	\$	6,553,504
Plan fiduciary net position		<u>(7,383,547)</u>
Net pension liability (asset)	\$	<u><u>(830,043)</u></u>
 Plan fiduciary net position as percentage of total pension liability		 112.67%

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2021, with a measurement date of September 30, 2022, using the following actuarial assumptions to all measurement periods.

Inflation		2.62%
Salary increases		4.00%
Investment rate of return		7.00%

Mortality rates for the Plan were based on the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale BB.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Core Bonds	15.0%	1.60%
Core Plus	15.0%	2.10%
Large Cap Equity	25.0%	4.60%
Small Cap Equity	14.0%	5.50%
Foreign Equity	21.0%	6.70%
Core Real Estate	10.0%	5.00%
Total	<u>100.00%</u>	4.38%

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.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Changes in net pension liability (asset):

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a – b)
Beginning Balance	\$ 6,066,532	\$ 8,228,145	\$ (2,161,613)
Changes for year:			
Service cost	378,703	-	378,703
Expected investment growth	448,267	584,965	(136,698)
Unexpected investment growth	-	(1,690,967)	1,690,967
Demographic experience	(269,668)	-	(269,668)
Contributions – employer/state	-	353,624	(353,624)
Contributions – employee	-	14,360	(14,360)
Benefit payments, including refunds	(70,330)	(70,330)	-
Assumption changes	-	-	-
Administrative expenses	-	(36,250)	36,250
Net changes	486,972	(844,598)	1,331,570
Ending Balance	<u>\$ 6,553,504</u>	<u>\$ 7,383,547</u>	<u>\$ (830,043)</u>

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability (asset) of the City calculated using the current discount rate of 7.00%, 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:

City's Net Pension Liability (Asset)	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Municipal Police Officers' Retirement Trust Fund	268,591	(830,043)	(1,711,930)

Money-weighted rate of return:

For the year ended September 30, 2022, the annual money-weighted rate of return on Plan investments, net of pension plan investment expense was as follows:

Annual money-weighted rate of return -14.17%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,442	\$ (1,191,986)
Changes of assumptions	389,300	(87,736)
Net different between projected and actual investment earnings	881,052	-
	\$ 1,351,794	\$ (1,279,722)

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:

	Police
2023	\$ 120,142
2024	102,981
2025	97,878
2026	264,246
2027	(119,719)
Thereafter	(393,456)
Total	\$ 72,072

For the year ended September 30, 2022, the City recognized pension expense related to the Police, FRS and HIS plans as follows:

Plan	Pension Expense
Police	\$ 380,183
FRS	624,653
HIS	119,224
Total	\$ 1,124,060

C. Other Post-Employment Benefits (OPEB)

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.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) Employees' Retirement Plans and Other-Postemployment Benefits: (Continued)

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.

Plan Membership—At September 30, 2022, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	102
Inactive Employees	4
	106
	106

Total OPEB Liability—The City's total OPEB liability of \$410,480 was measured as of September 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.77%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	53

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. 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 nearest the measurement date. 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.

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2021. Rates are based on those outlined in the July 1, 2021 Florida Retirement System (FRS) actuarial valuation report.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Changes in the total OPEB liability for the fiscal year ended September 30, 2022, were as follows:

Balance at September 30, 2021	\$ 560,785
Changes for a year:	
Service cost	77,103
Interest	13,577
Differences between expected and actual experience	(59,126)
Changes of assumptions	(141,556)
Benefit payments	<u>(40,303)</u>
Net changes	<u>(150,305)</u>
Balance at September 30, 2022	<u><u>\$ 410,480</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 4.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.43%) or 1% higher (3.43%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 460,958	\$ 410,480	\$ 368,157

Sensitivity of the total OPEB liability to changes in the healthcare cost trend 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 healthcare cost trend rates that are 1% lower (3.00%-6.50%) or 1% higher (5.00%-8.50%) than the current healthcare cost trend rates (4.00%-7.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 356,292	\$ 410,480	\$ 478,181

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized OPEB expense of \$74,311. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,213
Changes of assumptions	-	127,400
Total	<u>\$ -</u>	<u>\$ 180,613</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) Employees' Retirement Plans and Other-Postemployment Benefits: (Continued)

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	<u>Amortization</u>
2023	\$ 20,069
2024	20,069
2025	20,069
2026	20,069
2027	20,069
Thereafter	80,268

(10) Self-Insurance Program:

The City is exposed to risks for losses related to health and other medical benefits it provides to its employees. A self-insurance program was created October 1, 2020 to handle these risks. The Self Insurance was established to account for medical insurance claims of City employees and their covered dependents. Commercial insurance for specific loss claims in excess of \$75,000 is provided by Gerber Life Insurance at an aggregate monthly factor per participating employee based on their election. The City has a minimum aggregate deductible of approximately \$915,000 and a maximum aggregate benefit of \$1,000,000 in excess of the minimum aggregate deductible. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. All claims are handled by Preferred Benefit Administrators, the third-party administrator. All funds of the City which carry employees participate in the program and make payments to the General Fund based on estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2022, the City reported an asset of \$322,060 in the general fund to account for contributions that exceeded the Incurred but Not Reported Claims (IBNR).

Changes in the claims liability amount for the year-ended September 30, 2022 were:

Unpaid claims, beginning of fiscal year	\$ (34,870)
Incurred (closed) claims (including IBNRs)	(1,099,460)
Claim payments	<u>1,456,390</u>
Prepaid claims, end of fiscal year	<u><u>\$ 322,060</u></u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **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, 2022, FMPA has 31 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, 2022, the total outstanding amount related to the St. Lucie Project is \$55,840,000. The City is contingently liable for 1.757% of the total amount of outstanding debt, (approximately \$981,000) at September 30, 2022. 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 2022 were \$753,432.

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. 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.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Power Supply Agreements:** (Continued)

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 utility revenues and in no way can FMPA compel the City to exercise its taxing power. Total costs under this contract during 2022 were \$10,882,403.

(12) **Contingencies:**

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

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2022, no amounts have been accrued.

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.

(13) **Deficit Fund Balance:**

At September 30, 2022, the Disaster Fund, a nonmajor fund, had a deficit fund balance of \$38,000. The Disaster Fund's fund balance is at a deficit due to transfers in not being enough to support the fund as a whole, thereby leading to a fund deficit.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(14) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2022, that have not yet been implemented as well as pronouncements implemented in the current fiscal year. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements, except for GASB 87, which has been implemented in the current year as discussed below and in Notes (1)(t) and (7):

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The City implemented this Statement and its various provisions during the year ended September 30, 2022 with an effective date of October 1, 2021.
- (b) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.
- (c) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 77,103	\$ 56,633	\$ 52,822	\$ 35,852	\$ 37,406
Interest	13,577	12,530	19,054	21,485	19,120
Differences Between Expected and Actual Experience	(59,126)	-	(47,916)	-	-
Changes of assumptions	(141,556)	(18,956)	14,787	31,216	(27,170)
Benefit payments	<u>(40,303)</u>	<u>(36,436)</u>	<u>(37,802)</u>	<u>(40,776)</u>	<u>(37,495)</u>
Net change in total OPEB liability	(150,305)	13,771	945	47,777	(8,139)
Total OPEB liability – beginning	560,785	547,014	546,069	498,292	506,431
Total OPEB liability – ending	<u>\$ 410,480</u>	<u>\$ 560,785</u>	<u>\$ 547,014</u>	<u>\$ 546,069</u>	<u>\$ 498,292</u>
Covered employee payroll	\$ 5,009,634	\$ 4,205,268	\$ 4,102,700	\$ 3,399,116	\$ 3,316,211
Total OPEB liability as a percentage of covered employee payroll	8.19%	13.34%	13.33%	16.07%	15.03%

Valuation date: 09/30/2021

Covered Payroll:

Covered employee payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2022.

Differences Between Expected and Actual Experience:

Differences between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2021.

Changes of assumptions:

Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	4.77%
2021	2.43%
2020	2.14%
2019	3.58%
2018	4.18%

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.

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2022. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

City of Green Cove Springs, Florida

Required Supplementary Information (unaudited)

Schedules of changes in Net Pension Liability and Related Ratios - Police Officers' Pension Plan

Reporting Period Ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total pension liability								
Service cost	\$ 378,703	\$ 371,283	\$ 383,393	\$ 300,036	\$ 299,380	\$ 219,094	\$ 219,094	\$ 150,177
Interest	448,267	426,875	433,108	390,380	311,403	274,502	215,822	216,948
Differences between expected and actual experience	(269,668)	(314,632)	(844,678)	-	-	-	(136,512)	(18,269)
Demographic experience					183,242	-	-	-
Benefit payments	(70,330)	(60,588)	(49,044)	(36,019)	(19,638)	(41,910)	(19,062)	(18,780)
Assumption changes	-	(111,290)	-	-	228,664	-	557,241	-
Net change in total pension liability	486,972	311,648	(77,221)	654,397	1,003,051	451,686	836,583	330,076
Total pension liability, beginning	6,066,532	5,754,884	5,832,105	5,177,708	4,174,657	3,722,971	2,886,388	2,556,312
Total pension liability, ending (a)	\$ 6,553,504	\$ 6,066,532	\$ 5,754,884	\$ 5,832,105	\$ 5,177,708	\$ 4,174,657	\$ 3,722,971	\$ 2,886,388
Plan Fiduciary net position								
Contributions--employer	\$ 208,408	\$ 162,106	\$ 233,214	\$ 236,391	\$ 199,431	\$ 181,998	\$ 141,437	\$ 130,301
Contributions – state	145,216	135,826	120,254	121,585	102,575	93,609	85,340	73,815
Contributions--employee	14,360	13,046	12,201	11,902	10,065	10,155	8,475	8,100
Net investment income (loss)	(1,106,002)	1,308,368	405,005	302,608	362,248	545,018	291,007	(4,872)
Benefit payments, including refunds of contributions	(70,330)	(60,588)	(49,044)	(36,019)	(19,638)	(19,348)	(19,062)	(18,780)
Administrative expense	(36,250)	(30,590)	(31,894)	(21,148)	(30,900)	(15,546)	(27,174)	(16,444)
Net change in plan fiduciary net position	(844,598)	1,528,168	689,736	615,319	623,781	795,886	480,023	172,120
Plan fiduciary net position, beginning	8,228,145	6,699,977	6,010,241	5,394,922	4,771,141	3,975,255	3,495,232	3,323,112
Plan fiduciary net position, ending (b)	\$ 7,383,547	\$ 8,228,145	\$ 6,699,977	\$ 6,010,241	\$ 5,394,922	\$ 4,771,141	\$ 3,975,255	\$ 3,495,232
Net pension liability (asset) – ending (a) - (b)	\$ (830,043)	\$ (2,161,613)	\$ (945,093)	\$ (178,136)	\$ (217,214)	\$ (596,484)	\$ (252,284)	\$ (608,844)
Plan fiduciary net position as a percentage of the total pension liability	112.67%	135.63%	116.42%	103.05%	104.20%	114.29%	106.78%	121.09%
Covered payroll	\$ 1,234,144	\$ 1,244,041	\$ 1,257,127	\$ 1,014,137	\$ 1,014,137	\$ 1,015,500	\$ 795,911	\$ 744,678
Net pension liability (asset) as a percentage of payroll	-67.26%	-173.76%	-75.18%	-17.57%	-21.42%	-58.74%	-31.70%	-81.76%
Annual Money-Weighted Rate of Return	-14.17%	17.53%	6.37%	5.45%	7.39%	13.29%	8.11%	-0.14%

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

City of Green Cove Springs, Florida

Required Supplementary Information (unaudited)

Schedules of Police Officers' Pension Plan Contributions

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
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	276,728	275,607	1,121	1,015,500	27.14%
2016	230,927	226,777	4,150	795,911	28.49%
2015	203,387	203,965	(578)	744,678	27.39%
2014	188,250	193,375	(5,125)	693,444	27.89%
2013	231,594	231,594	-	706,372	32.79%

Notes to Schedule:

Valuation Date: 10/1/2021

Methods and assumptions used to determine contribution rates:

Funding Method: Aggregate Method (Level Percentage)
 Amortization Method: Level Percentage
 Remaining Amortization Period: 30 years
 Asset Valuation Method: Market value
 Inflation: 2.62% per year
 Salary Increases: 4.00% per year
 Interest Rate: 7.00% per year
 Cost-of-living Adjustments: 1.50%

Retirement Age: Normal: Age 55 with 6 years of service or any age with 25 years of service

Mortality: Sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale BB

Changes: No assumptions were changed since the prior measurement date.

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
(UNAUDITED)

	As of the Plan Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)								
Proportion of the net pension liability (NPL)	0.009941157%	0.008653284%	0.008169725%	0.007082278%	0.007796896%	0.007345438%	0.008451778%	0.007974291%
Proportionate share of the NPL	\$ 3,698,909	\$ 653,657	\$ 3,540,879	\$ 2,439,038	\$ 2,348,466	\$ 2,172,731	\$ 2,134,081	\$ 1,029,986
Covered payroll	4,093,252	3,405,027	3,279,119	2,781,866	2,563,966	2,330,206	2,484,644	2,386,450
Proportionate share of the NPL as a percentage of covered payroll	90.37%	19.20%	107.98%	87.68%	91.60%	93.24%	85.89%	43.16%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability (NPL)	0.009616089%	0.009616089%	0.009446086%	0.008316186%	0.007848355%	0.007194699%	0.008436522%	0.007652351%
Proportionate share of the NPL	\$ 1,189,384	\$ 1,179,558	\$ 1,153,352	\$ 930,498	\$ 830,679	\$ 769,290	\$ 983,242	\$ 780,419
Covered payroll	4,093,252	3,405,027	3,279,119	2,781,866	2,563,966	2,330,206	2,484,644	2,386,450
Proportionate share of the NPL as a percentage of covered payroll	29.06%	34.64%	35.17%	33.45%	32.40%	33.01%	39.57%	32.70%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)

	For the year ended September 30,							
	2022	2021	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)								
Contractually required contribution	\$ 415,031	\$ 378,964	\$ 271,444	\$ 219,602	\$ 222,205	\$ 207,762	\$ 206,110	\$ 194,420
Contributions in relation to the contractually required contribution	415,031	378,964	271,444	219,602	222,205	207,762	206,890	206,890
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (780)</u>	<u>\$ (12,470)</u>
Covered payroll	\$ 3,994,236	\$ 3,777,880	\$ 3,279,119	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644	\$ 2,386,450
Contributions as a percentage of covered payroll	10.39%	10.03%	8.28%	7.89%	8.67%	8.92%	8.30%	8.15%
Health Insurance Subsidy Program (HIS)								
Contractually required contribution	\$ 66,304	\$ 62,713	\$ 54,433	\$ 46,179	\$ 42,562	\$ 38,681	\$ 43,243	\$ 29,252
Contributions in relation to the contractually required contribution	66,304	62,713	54,433	46,179	42,562	38,681	32,711	32,711
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,532</u>	<u>\$ (3,459)</u>
Covered payroll	\$ 3,994,236	\$ 3,777,880	\$ 3,279,119	\$ 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%	1.66%	1.66%	1.74%	1.23%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

SUPPLEMENTARY INFORMATION

Financial schedules are presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in accordance with generally accepted accounting principles.

**CITY OF GREEN COVE SPRINGS, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Disaster Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ 393,455	\$ 25,614	\$ 27,166	\$ 674,828	\$ 1,121,063
Due from other governments	61,275	-	-	-	-	61,275
Total assets	<u>\$ 61,275</u>	<u>\$ 393,455</u>	<u>\$ 25,614</u>	<u>\$ 27,166</u>	<u>\$ 674,828</u>	<u>\$ 1,182,338</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 50,207	\$ 15,026	\$ -	\$ -	\$ 25,000	\$ 90,233
Due to other funds	99,275	-	-	-	-	99,275
Total liabilities	<u>149,482</u>	<u>15,026</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>189,508</u>
FUND BALANCES						
Restricted for:						
Public safety	-	-	25,614	-	-	25,614
Building department	-	378,429	-	-	-	378,429
Assigned to:						
Capital improvements	-	-	-	27,166	649,828	676,994
Unassigned	(88,207)	-	-	-	-	(88,207)
Total fund balances (deficit)	<u>(88,207)</u>	<u>378,429</u>	<u>25,614</u>	<u>27,166</u>	<u>649,828</u>	<u>992,830</u>
Total liabilities and fund balances (deficit)	<u>\$ 61,275</u>	<u>\$ 393,455</u>	<u>\$ 25,614</u>	<u>\$ 27,166</u>	<u>\$ 674,828</u>	<u>\$ 1,182,338</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds			Capital Project Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Disaster Fund	Building Permit	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
REVENUES						
Permits and fees	\$ -	\$ 198,782	\$ -	\$ -	\$ -	\$ 198,782
Miscellaneous	-	-	-	-	45,000	45,000
Total revenues	<u>-</u>	<u>198,782</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>243,782</u>
EXPENDITURES						
Current:						
General government	-	356,878	-	-	-	356,878
Debt service:						
Principal retirement	-	-	-	148,000	65,000	213,000
Interest and fiscal charges	-	-	-	11,867	15,930	27,797
Total expenditures	<u>-</u>	<u>356,878</u>	<u>-</u>	<u>159,867</u>	<u>80,930</u>	<u>597,675</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(158,096)</u>	<u>-</u>	<u>(159,867)</u>	<u>(35,930)</u>	<u>(353,893)</u>
Other financing sources (uses)						
Transfers in	-	-	-	159,867	80,930	240,797
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,867</u>	<u>80,930</u>	<u>240,797</u>
Net change in fund balances (deficit)	<u>-</u>	<u>(158,096)</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>(113,096)</u>
Fund balances (deficit), beginning of year	(88,207)	536,525	25,614	27,166	604,828	1,105,926
Fund balances (deficit), end of year	<u>\$ (88,207)</u>	<u>\$ 378,429</u>	<u>\$ 25,614</u>	<u>\$ 27,166</u>	<u>\$ 649,828</u>	<u>\$ 992,830</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal/ State Agency Pass-Through Entity Federal Program/ State Project	Assistance Listing/ CSFA Number	Contract/Grant Number	Expenditures
<u>FEDERAL AGENCY</u>			
Department of Justice			
Passed through the Florida Department of Law Enforcement: FDLE-2020 Justice Assistance Grant	16.738	2022-JAGD-CLAY-1-4B-066	\$ 1,583
Passed through State of Florida, Division of Emergency Management: COVID-19 - 2020 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CESF-CLAY-1-C9-083	<u>1,071</u>
Total Department of Justice			<u><u>2,654</u></u>
Department of Homeland Security			
Passed through State of Florida, Division of Emergency Management: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5097	<u>1,232,706</u>
Total Department of Homeland Security			<u><u>1,232,706</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,235,360</u></u>
<u>STATE AGENCY</u>			
Florida Department of Environmental Protection			
Direct:			
Wastewater Treatment Facility Construction	37.077	WW100420	\$ 7,890,539
Passed through St. Johns River Water Management District: Alternative Water Supply	37.100	36028	<u>1,214,897</u>
Total Florida Department of Environmental Protection			<u><u>9,105,436</u></u>
Florida Department of Law Enforcement			
Direct:			
Florida Incident-Based Reporting System	71.043	2021-FBSFA-F2-037	<u>1,573</u>
Total Florida Department of Law Enforcement			<u><u>1,573</u></u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 9,107,009</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant awards and state financial assistance activity of the City of Green Cove Springs, Florida (the City). The information in this schedule is presented in accordance with the 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 Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(3) **De Minimis Indirect Cost Rate Election:**

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Subrecipients:**

During the year ended September 30, 2022, the City provided no federal awards to subrecipients.

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? X yes none reported

Identification of major Federal programs:

Assistance Listing Number	Program Name
21.027	Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B Federal programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? yes X none reported

Dollar threshold used to distinguish between Type A and Type B State projects: \$750,000

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
37.077	Wastewater Treatment Facility Construction
37.100	Alternative Water Supply

B. Financial Statement Findings:

2022-001 Reconciliation of Account Balances (Repeat Comment 2021-003 and 2021-001)

Condition: We proposed and management recorded various adjustments related to revenue, expenditure/expense, asset, and liability accounts in order to be in compliance with generally accepted accounting principles in the United States of America. Adjustment of approximately \$1,232,000 to properly record ARPA revenue, adjustment of approximately \$171,000 to properly record year end payables, adjustment of approximately \$45,000 to properly close out retainage, and adjustment of approximately \$560,000 to properly adjust self-insurance balances.

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

Cause: Due to not properly reconciling supporting documentation to the general ledger account balances.

Effect: Misstatements of the general ledger account balances at year-end if the audit adjustments had not been proposed.

Recommendation: While the City is performing reconciliations of all transactions, both monthly to ensure completeness and accuracy, as well as at year-end to reconcile all account balances to the supporting documentation, certain items were not properly recorded. We recommend the City increase review of year-end balances.

C. Federal Programs and State Financial Assistance Projects Findings and Questioned Costs:

2022-002 – ALN 21.027 – Coronavirus State and Local Fiscal Recovery Funds – Procurement, Suspension, and Debarment: Lack of Controls for Suspension and Debarment (New Comment)

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

Condition: During our testing, it was noted that 14 of 14 expenditure selections for this program did not have suspension and debarment evaluated or documented, and there was no formal control policy for the City to evaluate and document suspension and debarment for expenditures in this program.

Cause: The City was unaware that this requirement applied to CSLRF funding under the revenue replacement method.

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

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

D. Summary Schedule of Prior Audit Findings:

See schedule of prior audit findings, as listed in the table of contents.

E. Corrective Action Plan:

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



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

To the Honorable Mayor, City Council, and City Manager,
City of Green Cove Springs, Florida:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and Major 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 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, 2022. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Section 215.97, Florida Statutes, Florida Single Audit Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major 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.

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.

Auditors' Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

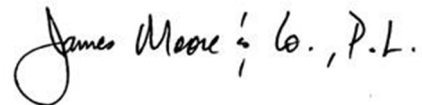
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-02, to be a significant deficiency.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

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 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.

Daytona Beach, Florida
June 1, 2023

A handwritten signature in cursive script that reads "James Moore & Co., P.L." The signature is written in dark ink and is positioned to the right of the typed text.



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

To the Honorable Mayor, City Council, and City Manager,
City of Green Cove Springs, Florida:

We have audited, 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, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2023.

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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as item 2022-002.

City of Green Cove Springs, Florida's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Management's Response to Findings and Recommendations section, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 1, 2023



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager,
City of Green Cove Springs, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Green Cove Springs, Florida (the City), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 1, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.550; schedule of findings and questioned costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 1, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See Schedule of Prior Audit Findings for this determination.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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. 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 us to address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

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

City of Green Cove Springs, Florida's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Management's Response to Findings and Recommendations section, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Council, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Daytona Beach, Florida
June 1, 2023



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Council, and City Manager,
City of Green Cove Springs, Florida:

We have examined the City of Green Cove Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance for the year ended September 30, 2022. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City's compliance was not in accordance with the aforementioned requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of City of Green Cove Springs, Florida, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the City's compliance was in accordance with the aforementioned requirements for the year ended September 30, 2022, in all material respects.



Daytona Beach, Florida
June 1, 2023

MATT JOHNSON
MAYOR

STEVE KENNEDY
CITY MANAGER

MARLENA GUTHRIE
FINANCE DIRECTOR



COUNCIL MEMBERS

CONNIE BUTLER

EDWARD GAW

THOMAS SMITH

STEVEN KELLEY

SCHEDULE OF PRIOR AUDIT FINDINGS

2021-001 Self-Insurance Program – Corrective action partially taken. See repeat comment 2022-001.

2021-002 Building Department Software Implementation and Segregation of Duties – Corrective action taken. No repeat comment.

2021-003 Revenue and Expenditure/Expense Adjustments – Corrective action not taken. See repeat comment 2022-001.

2021-004 Police Census Data – Corrective action taken. No repeat comment.



City of Green Cove Springs

Phone: (904) 297-7500
Fax: (904) 284-2718

321 Walnut Street

Green Cove Springs, Florida 32043
www.greencovesprings.com

June 1, 2023

Honorable Sherrill F. Noman, 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 James Moore & Co., P.L., CPAs for the period October 1, 2021 to September 31, 2022.

2022-001 Reconciliation of Account Balances (Repeat Comment 2021-01 and 2021-003)

Auditor's Comment:

We proposed and management recorded various adjustments related to revenue, expenditure/expense, asset, and liability accounts in order to be in compliance with generally accepted accounting principles in the United States of America. Adjustment of approximately \$1,232,000 to properly record ARPA revenue, adjustment of approximately \$171,000 to properly record year end payables, adjustment of approximately \$45,000 to properly close out retainage, and adjustment of approximately \$560,000 to properly adjust self-insurance balances.

Management's Response:

The City will perform reconciliations both monthly and at year-end to reconcile all account balances to supporting documentation. The City will also increase review procedures relating to year-end balances.

2022-002 – ALN 21.027 – Coronavirus State and Local Fiscal Recovery Funds – Procurement, Suspension, and Debarment: Lack of Controls for Suspension and Debarment (New Comment)


Auditor's Comment:

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

Management's Response:

The City will create internal control procedures to ensure evaluation and documentation relating to Final Rule, Suspension and Debarment as required under CPF 200.214 in Subpart C.

Respectfully submitted,


L. Steve Kennedy
City Manager



City of Green Cove Springs

Phone: (904) 297-7500
Fax: (904) 289-2715

321 Walnut Street

Green Cove Springs, Florida 32063
www.greencovesprings.com

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared, Dorothy Abbott, who being duly sworn, deposes and say on oath that:

1. I am the Chief Financial Officer of the City of Green Cove Springs, which is a local governmental entity of the State of Florida;
2. The City of Green Cove Springs adopted Ordinances Nos. O-01-2009 and O-18-2016 implementing an impact fee; and
3. The City of Green Cove Springs has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

D Abbott

Dorothy Abbott, Finance Director

SWORD TO AND SUBSCRIBED before me this 30 day of May, 2023

Stacey N Brown

Notary Public
Print Name Stacey N Brown

Personally known or produced identification _____
Type of identification produced: _____

My Commission Expires:

11/27/2023

