

CITY OF HIGH SPRINGS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



**CITY OF HIGH SPRINGS, FLORIDA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of High Springs, Florida (the City), as of and for the year ended September 30, 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.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the general fund, fire control fund, downtown development fund, and aggregate remaining fund information of the City as of September 30, 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.

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

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund of the City as of September 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The schedule of expenditures of federal awards 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Gainesville, Florida
November 9, 2023

**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

MDAAs management of the City of High Springs, Florida, we offer readers of the City of High Springs, Florida's financial statements this narrative overview and analysis of the financial activities of the City of High Springs, Florida for the fiscal year ended September 30, 2022.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

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

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

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

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

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

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

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

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

The basic fiduciary fund statement can be found on pages 25 – 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 – 44 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Government-wide Financial Analysis

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

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

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

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

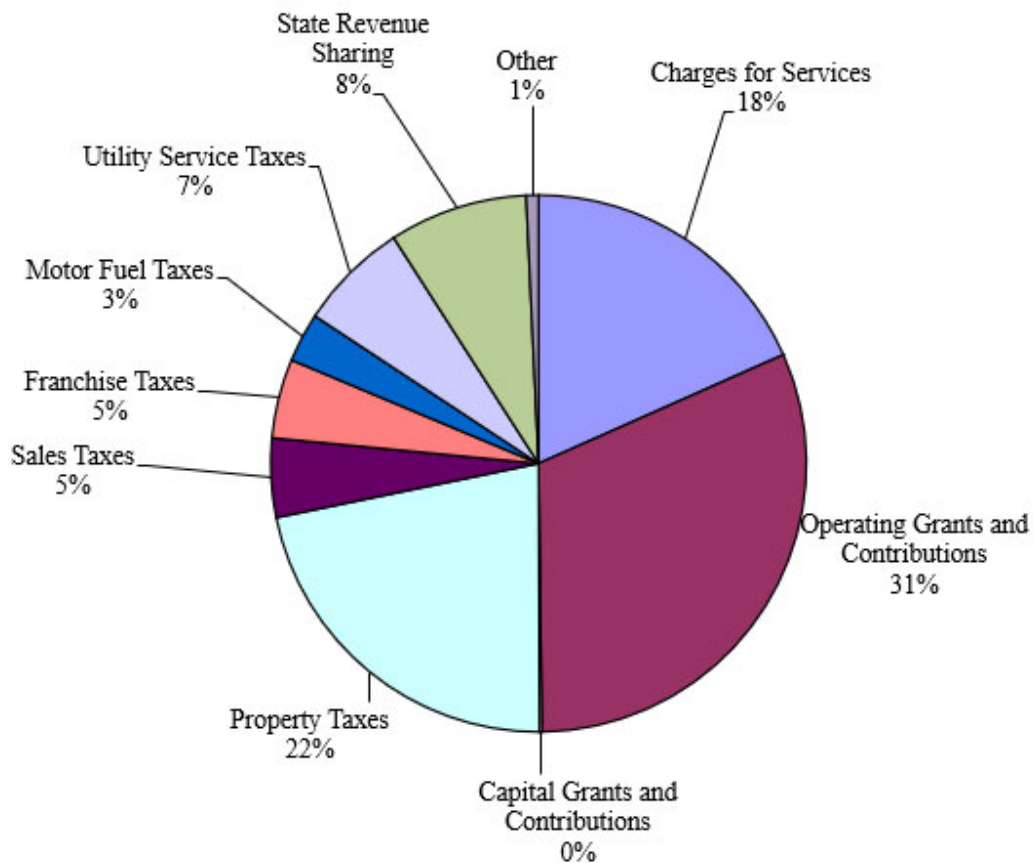
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 6,536,192	\$ 5,441,562	\$ 5,542,419	\$ 2,101,163	\$ 12,078,611	\$ 7,542,725
Capital assets	7,415,778	5,389,012	18,529,601	18,272,532	25,945,379	23,661,544
Total assets	13,951,970	10,830,574	24,072,020	20,373,695	38,023,990	31,204,269
Total deferred outflows of resources	1,411,926	1,079,776	100,265	74,239	1,512,191	1,154,015
Long-term liabilities outstanding	7,569,708	2,450,318	10,623,056	7,379,930	18,192,764	9,830,248
Other liabilities	572,194	1,880,057	1,118,882	391,267	1,691,076	2,271,324
Total liabilities	8,141,902	4,330,375	11,741,938	7,771,197	19,883,840	12,101,572
Total deferred inflows of resources	189,098	2,760,516	13,428	189,796	202,526	2,950,312
Net position:						
Net investment in capital assets	5,167,551	5,101,443	11,492,201	11,080,412	16,659,752	16,181,855
Restricted	1,148,513	1,426,063	1,624,985	1,341,781	2,773,498	2,767,844
Unrestricted	716,832	(1,708,047)	(700,267)	64,748	16,565	(1,643,299)
Total net position	\$ 7,032,896	\$ 4,819,459	\$ 12,416,919	\$ 12,486,941	\$ 19,449,815	\$ 17,306,400

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

An additional portion of the City of High Springs, Florida's net position (14 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* 16,565 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the City of High Springs, Florida's net position by \$2,213,437 due mainly to ARPA funds recognized.

Revenues by Source - Governmental Activities



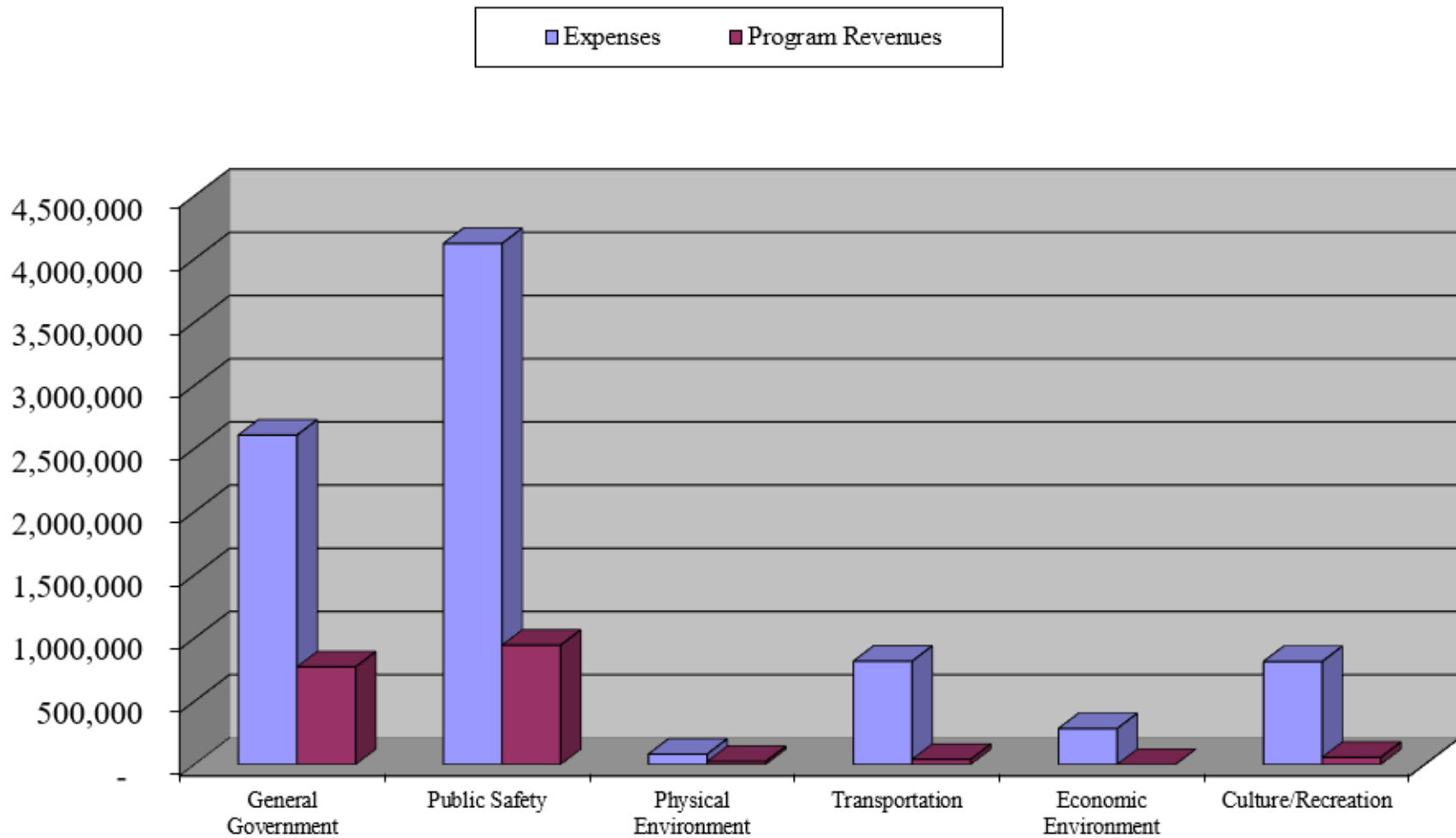
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,837,016	\$ 1,808,296	\$ 3,771,346	\$ 3,395,460	\$ 5,608,362	\$ 5,203,756
Operating grants and contributions	3,443,438	527,409	-	-	3,443,438	527,409
Capital grants and contributions	15,126	322,743	573,497	1,323,698	588,623	1,646,441
General revenues:						
Property taxes	2,183,697	1,894,137	-	-	2,183,697	1,894,137
Other taxes	2,454,572	2,173,382	-	-	2,454,572	2,173,382
Other	73,930	29,190	24,005	18,903	97,935	48,093
Total revenues	10,007,779	6,755,157	4,368,848	4,738,061	14,376,627	11,493,218
Expenses:						
General government	2,606,158	1,505,046	-	-	2,606,158	1,505,046
Public safety	4,122,362	3,514,744	-	-	4,122,362	3,514,744
Physical environment	81,653	73,938	-	-	81,653	73,938
Transportation	817,388	625,996	-	-	817,388	625,996
Economic environment	284,245	268,762	-	-	284,245	268,762
Culture and recreation	814,605	628,832	-	-	814,605	628,832
Water	-	-	914,576	694,983	914,576	694,983
Solid waste	-	-	811,821	764,149	811,821	764,149
Sewer	-	-	1,780,404	1,439,746	1,780,404	1,439,746
Total expenses	8,726,411	6,617,318	3,506,801	2,898,878	12,233,212	9,516,196
Increase (decrease) in Net position before transfers	1,281,368	137,839	862,047	1,839,183	2,143,415	1,977,022
Transfers	932,069	700,721	(932,069)	(700,721)	-	-
Increase (decrease) in Net position	2,213,437	838,560	(70,022)	1,138,462	2,143,415	1,977,022
Net position, beginning of year	4,819,459	3,980,899	12,486,941	11,348,479	17,306,400	15,329,378
Net position, end of year	\$ 7,032,896	\$ 4,819,459	\$ 12,416,919	\$ 12,486,941	\$ 19,449,815	\$ 17,306,400

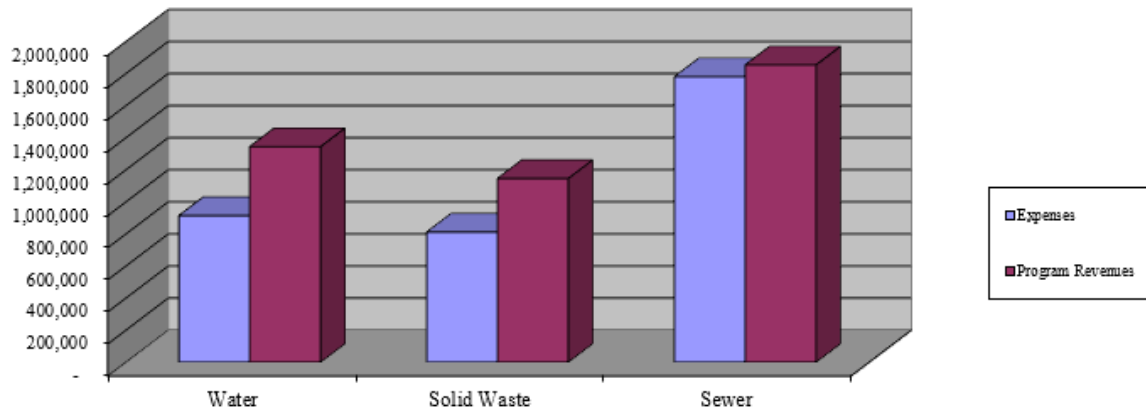
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Expenses and Program Revenues – Governmental Activities



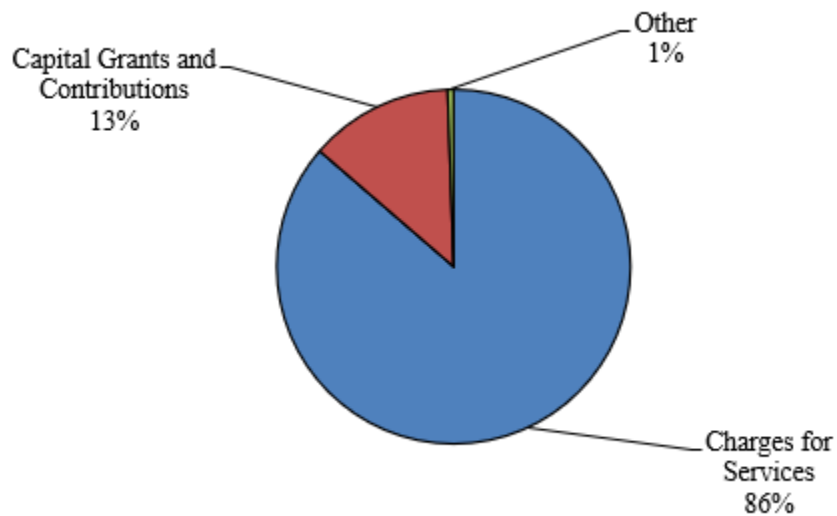
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Expenses and Program Revenues – Business-type Activities



Business-type activities. Business-type activities decreased the City of High Springs, Florida's net position by \$70,022, due to a decrease in grant revenue.

Revenues by Source – Business-type Activities



CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Financial Analysis of the Government's Funds

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

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

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

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

The fund balance of the City of High Springs, Florida's general fund increased by \$2,426,370 during the current fiscal year due mainly to ARPA revenue received and recognized in current year and these ARPA are earmarked for one-time city projects and are not related to recurring revenues that the City could rely on in the future.

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

Unrestricted net position of the Water, Solid Waste, and Sewer funds at the end of the year amounted to \$61,591, \$442,391, and \$(1,204,249), respectively. The increases in net position for the Water, Solid Waste and Sewer funds were \$68,308, \$95,532, and \$(233,862), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of High Springs, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of High Springs, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2022 amounts to \$25,945,379 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, park facilities and roads. The total increase in the City of High Springs, Florida's investment in capital assets for the current fiscal year was \$2,283,835.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

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

- Purchase of Canoe Outpost
- Replacement of City Hall and Fire Station Roofs
- Purchase of Brame Heck Farmer's Market
- Purchase of fire brush truck, fire department boat and cardiac monitors

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 824,661	\$ 824,661	\$ 404,668	\$ 404,668	\$ 1,229,329	\$ 1,229,329
Construction in progress	59,335	255,517	2,731,329	1,879,853	2,790,664	2,135,370
Buildings	2,498,746	1,802,906	1,205,927	1,262,415	3,704,673	3,065,321
Improvements other than buildings	1,474,533	2,058,404	13,919,136	14,476,448	15,393,669	16,534,852
Machinery and equipment	2,558,503	447,524	268,541	249,148	2,827,044	696,672
Total	<u>\$ 7,415,778</u>	<u>\$ 5,389,012</u>	<u>\$ 18,529,601</u>	<u>\$ 18,272,532</u>	<u>\$ 25,945,379</u>	<u>\$ 23,661,544</u>

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

Long-term debt. At the end of the current fiscal year, the City of High Springs, Florida had total bonded debt outstanding of \$7,192,120. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Leases payable	\$ 1,712,227	\$ 287,569	\$ -	\$ -	\$ 1,712,227	\$ 287,569
Notes Payable	536,000	-	-	-	536,000	-
Revenue bonds	-	-	10,196,400	7,192,120	10,196,400	7,192,120
Total	<u>\$ 2,248,227</u>	<u>\$ 287,569</u>	<u>\$ 10,196,400</u>	<u>\$ 7,192,120</u>	<u>\$ 12,444,627</u>	<u>\$ 7,479,689</u>

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Economic Factors and Next Year's Budgets and Rates

- The City received Grant funding of \$2,500,000 from Suwannee River Water Management District (SRWMD) to be used to complete Phases 1A of the gravity sewer system project. This phase will add approximately 150 new users and this project was completed in late 2020. Phase 2A began in FY20 and was completed in FY22. The second phase was funded by a \$1,000,000 from Suwannee River Water Management District.
- The City has also requested funding from SRWMD with some match required, for Phase 1 of the Sewer Plant Expansion and Phase I of changing the spray fields to wetlands, with an estimated cost of \$7,000,000 included in the FY22 budget. While the project design and engineering began in FY22, construction will be performed in FY23 and FY24. Funding is \$1,464,100 from Suwannee River Water Management District (SRWMD) is already in place. With an additional \$2,400,000 coming from reallocation of the A2 project, the City plans to use impact fees and ARPA funds to cover the rest of the funding for this project.
- During FY22, the City issued bond funding of \$850,000 to add a third well to the Water System. This project began in FY22 and will be completed during FY23.

All of these factors were considered in preparing the City of High Springs, Florida's budget for the 2022/2023 fiscal year.

Requests for Information

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,473,335	\$ 8,598	\$ 8,481,933
Restricted cash	402,341	1,939,984	2,342,325
Receivables, net	655,790	483,741	1,139,531
Interfund balances	(2,995,274)	2,995,274	-
Inventories	-	114,822	114,822
Capital assets, not being depreciated	883,996	3,135,997	4,019,993
Capital assets, being depreciated, net	6,531,782	15,393,604	21,925,386
Total Assets	<u>\$ 13,951,970</u>	<u>\$ 24,072,020</u>	<u>\$ 38,023,990</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 1,411,926</u>	<u>\$ 100,265</u>	<u>\$ 1,512,191</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 550,438	\$ 828,463	\$ 1,378,901
Customer deposits payable	-	290,419	290,419
Accrued interest payable	-	24,580	24,580
Unearned revenue	21,756	32,752	54,508
Noncurrent liabilities:			
Due within one year			
Bonds and leases payable	393,025	342,240	735,265
Compensated absences	185,870	10,629	196,499
Due in more than one year			
Bonds and leases payable	1,855,202	9,854,160	11,709,362
Compensated absences	433,696	24,801	458,497
Net pension liability	4,701,915	333,894	5,035,809
Total Liabilities	<u>\$ 8,141,902</u>	<u>\$ 11,741,938</u>	<u>\$ 19,883,840</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 189,098</u>	<u>\$ 13,428</u>	<u>\$ 202,526</u>
NET POSITION			
Net investment in capital assets	\$ 5,167,551	\$ 11,492,201	\$ 16,659,752
Restricted for:			
Debt service	-	444,870	444,870
Capital projects	-	1,180,115	1,180,115
Transportation	86,949	-	86,949
Community redevelopment	219,592	-	219,592
Wild Spaces Public Places	215,582	-	215,582
Building department	626,390	-	626,390
Unrestricted	716,832	(700,267)	16,565
Total Net Position	<u>\$ 7,032,896</u>	<u>\$ 12,416,919</u>	<u>\$ 19,449,815</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 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	\$ 2,606,158	\$ 772,291	\$ 3,094,274	\$ -	\$ 1,260,407	\$ -	\$ 1,260,407
Public safety	4,122,362	944,146	10,447	15,126	(3,152,643)	-	(3,152,643)
Physical environment	81,653	23,300	-	-	(58,353)	-	(58,353)
Transportation	817,388	40,585	297,064	-	(479,739)	-	(479,739)
Economic environment	284,245	-	1,500	-	(282,745)	-	(282,745)
Culture/recreation	814,605	56,694	40,153	-	(717,758)	-	(717,758)
Total governmental activities	<u>8,726,411</u>	<u>1,837,016</u>	<u>3,443,438</u>	<u>15,126</u>	<u>(3,430,831)</u>	<u>-</u>	<u>(3,430,831)</u>
Business-type activities:							
Water	914,576	1,067,514	-	276,732	-	429,670	429,670
Solid waste	811,821	1,146,179	-	-	-	334,358	334,358
Sewer	1,780,404	1,557,653	-	296,765	-	74,014	74,014
Total business-type activities	<u>3,506,801</u>	<u>3,771,346</u>	<u>-</u>	<u>573,497</u>	<u>-</u>	<u>838,042</u>	<u>838,042</u>
Total primary government	<u>\$ 12,233,212</u>	<u>\$ 5,608,362</u>	<u>\$ 3,443,438</u>	<u>\$ 588,623</u>	<u>(3,430,831)</u>	<u>838,042</u>	<u>(2,592,789)</u>
General revenues:							
Property taxes					2,183,697	-	2,183,697
Sales taxes					476,486	-	476,486
Franchise fees					477,690	-	477,690
Utility service taxes					664,134	-	664,134
Intergovernmental					836,262	-	836,262
Miscellaneous					65,622	-	65,622
Unrestricted investment earnings					8,308	24,005	32,313
Transfers					932,069	(932,069)	-
Total general revenues and transfers					<u>5,644,268</u>	<u>(908,064)</u>	<u>4,736,204</u>
Change in net position					2,213,437	(70,022)	2,143,415
Net position - beginning					4,819,459	12,486,941	17,306,400
Net position - ending					<u>\$ 7,032,896</u>	<u>\$ 12,416,919</u>	<u>\$ 19,449,815</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

		Special Revenue		Nonmajor Fund	
	General	Fire Control Fund	Downtown Development Fund	Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,473,283	\$ -	\$ 402,393	\$ -	\$ 8,875,676
Receivables, net	201,441	-	-	-	201,441
Due from other governments	258,305	177,161	-	18,883	454,349
Due from other funds	1,551,389	-	-	529,662	2,081,051
Total assets	<u>\$ 10,484,418</u>	<u>\$ 177,161</u>	<u>\$ 402,393</u>	<u>\$ 548,545</u>	<u>\$ 11,612,517</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 478,124	\$ 36,214	\$ 1,799	\$ 34,359	\$ 550,496
Due to other funds	4,499,380	395,943	181,002	-	5,076,325
Unearned revenue	21,698	-	-	-	21,698
Total liabilities	<u>4,999,202</u>	<u>432,157</u>	<u>182,801</u>	<u>34,359</u>	<u>5,648,519</u>
FUND BALANCES					
Restricted for:					
Transportation	-	-	-	86,949	86,949
Community redevelopment	-	-	219,592	-	219,592
Wild Spaces Public Places	-	-	-	215,582	215,582
Building department	626,390	-	-	-	626,390
Committed to:					
Cemetery	-	-	-	211,655	211,655
Assigned to:					
American Rescue Plan Act	2,367,550	-	-	-	2,367,550
Unassigned	2,491,276	(254,996)	-	-	2,236,280
Total fund balances	<u>5,485,216</u>	<u>(254,996)</u>	<u>219,592</u>	<u>514,186</u>	<u>5,963,998</u>
Total liabilities and fund balances	<u>\$ 10,484,418</u>	<u>\$ 177,161</u>	<u>\$ 402,393</u>	<u>\$ 548,545</u>	<u>\$ 11,612,517</u>

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

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

Fund balances - total governmental funds \$ 5,963,998

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Total governmental capital assets	17,405,533	
Less: Accumulated depreciation	<u>(9,989,755)</u>	7,415,778

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(4,701,915)	
Deferred outflows related to pensions	1,411,926	
Deferred inflows related to pensions	<u>(189,098)</u>	(3,479,087)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Leases payable	(536,000)	
Capital leases payable	(1,712,227)	
Compensated absences	<u>(619,566)</u>	(2,867,793)

Net position of governmental activities		<u><u>\$ 7,032,896</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

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

		Special Revenue		Nonmajor Fund	
		Downtown			Total
	General	Fire Control	Development Fund	Special Revenue Fund	Governmental Funds
Revenues					
Taxes	\$ 2,652,028	\$ -	\$ 195,803	\$ 304,215	\$ 3,152,046
Franchise fees	477,690	-	-	-	477,690
Licenses and permits	624,764	-	-	-	624,764
Intergovernmental	4,080,023	197,422	-	403,037	4,680,482
Charges for services	345,518	552,782	-	48,628	946,928
Fines and forfeitures	9,798	-	-	38,688	48,486
Rents and royalties	31,070	-	-	-	31,070
Interest	7,431	638	239	-	8,308
Miscellaneous	74,282	-	6,911	-	81,193
Total revenues	8,302,604	750,842	202,953	794,568	10,050,967
Expenditures					
Current:					
General government	2,337,735	-	-	-	2,337,735
Public safety	2,462,635	1,312,359	-	-	3,774,994
Physical environment	61,104	-	-	-	61,104
Transportation	643,211	-	-	-	643,211
Economic environment	-	-	228,627	-	228,627
Culture/recreation	559,766	-	-	120,511	680,277
Debt service:					
Principal	95,885	35,418	-	53,000	184,303
Interest	16,403	2,150	-	8,282	26,835
Capital outlay	1,989,554	202,920	-	595,944	2,788,418
Total expenditures	8,166,293	1,552,847	228,627	777,737	10,725,504
Excess (deficiency) of revenues over expenditures	136,311	(802,005)	(25,674)	16,831	(674,537)
Other financing sources (uses)					
Issuance of leases	1,555,961	-	-	589,000	2,144,961
Transfers in	1,414,704	605,606	-	75,000	2,095,310
Transfers out	(680,606)	(100,000)	(27,635)	(355,000)	(1,163,241)
Total other financing sources (uses)	2,290,059	505,606	(27,635)	309,000	3,077,030
Net change in fund balances	2,426,370	(296,399)	(53,309)	325,831	2,402,493
Fund balances, beginning of year	3,058,846	41,403	272,901	188,355	3,561,505
Fund balances, end of year	<u>\$ 5,485,216</u>	<u>\$ (254,996)</u>	<u>\$ 219,592</u>	<u>\$ 514,186</u>	<u>\$ 5,963,998</u>

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

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

Net change in fund balances - total governmental funds	\$ 2,402,493
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the	
Capital outlay expenditures	2,788,418
Depreciation expense	(757,152)
Lease proceeds are reported as financing sources in the governmental funds. However, the issuance of	
These amounts are as follows:	
Lease proceeds	(2,144,961)
Lease principal payments	184,303
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported.	
However, in governmental funds, the proceeds from the sale increases financial resources.	
Thus, the change in net position differs from the change in fund balance by the cost of	
the capital assets sold/disposed.	(4,500)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in	
Change in net pension liability and deferred inflows/outflows related to pensions	(152,238)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not	
These adjustments are as follows:	
Change in compensated absences liability	(102,926)
Change in net position of governmental activities	<u><u>\$ 2,213,437</u></u>

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

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 2,751,740	\$ 2,848,075	\$ 2,652,028	\$ (196,047)
Franchise fees	413,000	413,000	477,690	64,690
Licenses and permits	400,500	400,500	624,764	224,264
Intergovernmental	604,245	2,151,382	4,080,023	1,928,641
Charges for services	285,234	285,234	345,518	60,284
Fines and forfeitures	1,650	1,650	9,798	8,148
Rents and royalties	25,000	25,000	31,070	6,070
Interest	15,500	15,500	7,431	(8,069)
Miscellaneous	21,000	21,000	74,282	53,282
Total revenues	<u>4,517,869</u>	<u>6,161,341</u>	<u>8,302,604</u>	<u>2,141,263</u>
Expenditures				
Current:				
General government	1,864,791	2,318,376	2,476,288	(157,912)
Public safety	2,373,655	2,646,793	4,425,924	(1,779,131)
Physical environment	59,533	59,533	61,104	(1,571)
Transportation	545,898	545,898	643,211	(97,313)
Culture/recreation	458,808	458,808	559,766	(100,958)
Total expenditures	<u>5,302,685</u>	<u>6,029,408</u>	<u>8,166,293</u>	<u>(2,136,885)</u>
Excess (deficiency) of revenues over expenditures	<u>(784,816)</u>	<u>131,933</u>	<u>136,311</u>	<u>4,378</u>
Other financing sources (uses)				
Issuance of leases	-	-	1,555,961	1,555,961
Transfers in	1,414,704	1,414,704	1,414,704	-
Transfers out	(680,606)	(776,941)	(680,606)	96,335
Total other financing sources (uses)	<u>734,098</u>	<u>637,763</u>	<u>2,290,059</u>	<u>1,652,296</u>
Net change in fund balance	<u>(50,718)</u>	<u>769,696</u>	<u>2,426,370</u>	<u>1,656,674</u>
Fund balance, beginning of year	<u>3,058,846</u>	<u>3,058,846</u>	<u>3,058,846</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 3,008,128</u></u>	<u><u>\$ 3,828,542</u></u>	<u><u>\$ 5,485,216</u></u>	<u><u>\$ 1,656,674</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FIRE CONTROL FUND AND DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Fire Control Fund				Downtown Development Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 192,670	\$ 192,670	\$ 195,803	\$ 3,133
Intergovernmental	330,000	330,000	197,422	(132,578)	-	-	-	-
Charges for service	640,248	640,248	552,782	(87,466)	-	-	-	-
Interest	1,000	1,000	638	(362)	250	250	239	(11)
Miscellaneous	-	-	-	-	14,104	14,104	6,911	(7,193)
Total revenues	<u>971,248</u>	<u>971,248</u>	<u>750,842</u>	<u>(220,406)</u>	<u>207,024</u>	<u>207,024</u>	<u>202,953</u>	<u>(4,071)</u>
Expenditures								
Current:								
Public safety	1,264,287	1,264,287	1,312,359	(48,072)	-	-	-	-
Economic environment	-	-	-	-	241,905	241,905	228,627	13,278
Debt Service:								
Principal	37,567	37,567	35,418	2,149	-	-	-	-
Interest	-	-	2,150	(2,150)	-	-	-	-
Capital outlay	175,000	175,000	202,920	(27,920)	65,000	65,000	0	65,000
Total expenditures	<u>1,476,854</u>	<u>1,476,854</u>	<u>1,552,847</u>	<u>(75,993)</u>	<u>306,905</u>	<u>306,905</u>	<u>228,627</u>	<u>78,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(505,606)</u>	<u>(505,606)</u>	<u>(802,005)</u>	<u>(296,399)</u>	<u>(99,881)</u>	<u>(99,881)</u>	<u>(25,674)</u>	<u>74,207</u>
Other financing sources (uses)								
Transfers in	605,606	605,606	605,606	-	-	-	-	-
Transfers out	(100,000)	(100,000)	(100,000)	-	(27,635)	(27,635)	(27,635)	-
Total other financing sources (uses)	<u>505,606</u>	<u>505,606</u>	<u>505,606</u>	<u>-</u>	<u>(27,635)</u>	<u>(27,635)</u>	<u>(27,635)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(296,399)</u>	<u>(296,399)</u>	<u>(127,516)</u>	<u>(127,516)</u>	<u>(53,309)</u>	<u>74,207</u>
Fund balances, beginning of year	41,403	41,403	41,403	-	272,901	272,901	272,901	-
Fund balances, end of year	<u>\$ 41,403</u>	<u>\$ 41,403</u>	<u>\$ (254,996)</u>	<u>\$ (296,399)</u>	<u>\$ 145,385</u>	<u>\$ 145,385</u>	<u>\$ 219,592</u>	<u>\$ 74,207</u>

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

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

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 8,598	\$ -	\$ 8,598
Restricted cash:				
Customer deposits	147,053	143,366	-	290,419
Revenue bond covenant accounts	-	-	185,820	185,820
Accounts receivable, net	144,777	160,896	178,068	483,741
Due from other funds	3,394,751	386,999	187,983	3,969,733
Inventories	45,577	-	69,245	114,822
Total current assets	<u>3,732,158</u>	<u>699,859</u>	<u>621,116</u>	<u>5,053,133</u>
Noncurrent assets:				
Restricted cash:				
Revenue bond covenant account	-	-	283,630	283,630
Capital improvements	-	-	11,145	11,145
Impact fee	209,046	-	959,924	1,168,970
Capital assets, not being depreciated	450,537	-	2,685,460	3,135,997
Capital assets, being depreciated, net	1,316,208	-	14,077,396	15,393,604
Total noncurrent assets	<u>1,975,791</u>	<u>-</u>	<u>18,017,555</u>	<u>19,993,346</u>
Total Assets	<u>\$ 5,707,949</u>	<u>\$ 699,859</u>	<u>\$ 18,638,671</u>	<u>\$ 25,046,479</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>\$ 62,078</u>	<u>\$ 5,975</u>	<u>\$ 32,212</u>	<u>\$ 100,265</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 195,345	\$ 66,629	\$ 566,489	\$ 828,463
Due to other funds	15	-	974,444	974,459
Compensated absences	4,857	-	5,772	10,629
Customer deposits payable	147,053	143,366	-	290,419
Unearned revenue	-	32,752	-	32,752
Revenue bonds payable, current portion	181,000	-	161,240	342,240
Accrued interest payable from restricted assets	-	-	24,580	24,580
Total current liabilities	<u>528,270</u>	<u>242,747</u>	<u>1,732,525</u>	<u>2,503,542</u>
Noncurrent liabilities:				
Compensated absences	11,333	-	13,468	24,801
Net pension liability	206,728	19,896	107,270	333,894
Revenue bonds payable, net	2,978,000	-	6,876,160	9,854,160
Total noncurrent liabilities	<u>3,196,061</u>	<u>19,896</u>	<u>6,996,898</u>	<u>10,212,855</u>
Total Liabilities	<u>\$ 3,724,331</u>	<u>\$ 262,643</u>	<u>\$ 8,729,423</u>	<u>\$ 12,716,397</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>\$ 8,314</u>	<u>\$ 800</u>	<u>\$ 4,314</u>	<u>\$ 13,428</u>
NET POSITION				
Net investment in capital assets	\$ 1,766,745	\$ -	\$ 9,725,456	\$ 11,492,201
Restricted for:				
Debt service	-	-	444,870	444,870
Capital projects	209,046	-	971,069	1,180,115
Unrestricted	61,591	442,391	(1,204,249)	(700,267)
Total Net Position	<u>\$ 2,037,382</u>	<u>\$ 442,391</u>	<u>\$ 9,937,146</u>	<u>\$ 12,416,919</u>

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

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

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Operating revenues				
Water service	\$ 1,044,318	\$ -	\$ -	\$ 1,044,318
Water penalties	23,146	-	-	23,146
Garbage/solid waste service	-	1,121,613	-	1,121,613
Garbage penalties	-	24,566	-	24,566
Sewer service	-	-	1,557,653	1,557,653
Miscellaneous income	50	-	-	50
Total operating revenues	<u>1,067,514</u>	<u>1,146,179</u>	<u>1,557,653</u>	<u>3,771,346</u>
Operating expenses				
Personal services	309,780	37,156	184,623	531,559
Operating expenses	462,471	774,665	720,873	1,958,009
Depreciation	131,552	-	571,833	703,385
Total operating expenses	<u>903,803</u>	<u>811,821</u>	<u>1,477,329</u>	<u>3,192,953</u>
Operating income	<u>163,711</u>	<u>334,358</u>	<u>80,324</u>	<u>578,393</u>
Nonoperating revenues (expenses)				
Interest income	21,487	-	2,518	24,005
Interest expense	(10,773)	-	(303,075)	(313,848)
Total nonoperating revenues (expenses)	<u>10,714</u>	<u>-</u>	<u>(300,557)</u>	<u>(289,843)</u>
Income (loss) before contributions and transfers	<u>174,425</u>	<u>334,358</u>	<u>(220,233)</u>	<u>288,550</u>
Capital grants and contributions	276,732	-	296,765	573,497
Transfers out	(382,849)	(238,826)	(310,394)	(932,069)
Change in net position	<u>68,308</u>	<u>95,532</u>	<u>(233,862)</u>	<u>(70,022)</u>
Net position, beginning of year	1,969,074	346,859	10,171,008	12,486,941
Net position, end of year	<u>\$ 2,037,382</u>	<u>\$ 442,391</u>	<u>\$ 9,937,146</u>	<u>\$ 12,416,919</u>

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

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

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,048,472	\$ 1,138,841	\$ 1,705,551	\$ 3,892,864
Cash paid to employees	(311,191)	(35,811)	(163,969)	(510,971)
Cash paid to suppliers	(294,479)	(771,166)	(182,015)	(1,247,660)
Net cash provided by operating activities	442,802	331,864	1,359,567	2,134,233
Cash flows from noncapital financing activities				
Interfund transfers	(382,849)	(238,826)	(310,394)	(932,069)
Interfund loans	(3,149,741)	(85,838)	74,919	(3,160,660)
Net cash provided by (used in) noncapital financing activities	(3,532,590)	(324,664)	(235,475)	(4,092,729)
Cash flows from capital and related financing activities				
Impact fees and capital contributions	27,308	-	154,581	181,889
Acquisition and construction of capital assets	(315,399)	-	(645,055)	(960,454)
Capital grants	249,424	-	73,670	323,094
Principal payments of long-term debt	(41,000)	-	(154,720)	(195,720)
Bond issuance costs	3,200,000	-	-	3,200,000
Interest paid	(10,773)	-	(303,075)	(313,848)
Net cash provided by (used in) capital and related financing activities	3,109,560	-	(874,599)	2,234,961
Cash flows from investing activities				
Interest received	21,487	-	2,518	24,005
Net cash provided by (used in) investing activities	21,487	-	2,518	24,005
Net change in cash and cash equivalents	41,259	7,200	252,011	300,470
Cash and cash equivalents, beginning of year	314,840	136,166	1,188,508	1,639,514
Cash and cash equivalents, end of year	<u>\$ 356,099</u>	<u>\$ 143,366</u>	<u>\$ 1,440,519</u>	<u>\$ 1,939,984</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 163,711	\$ 334,358	\$ 80,324	\$ 578,393
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	131,552	-	571,833	703,385
Changes in assets and liabilities:				
Accounts receivable	(29,108)	(30,402)	147,898	88,388
Accounts payable and accrued expenses	167,992	3,499	538,858	710,349
Deposits	10,066	7,200	-	17,266
Unearned revenue	-	15,864	-	15,864
Compensated absences	5,583	-	(3,319)	2,264
Net pension liability	(6,994)	1,345	23,973	18,324
Net cash provided by operating activities	<u>\$ 442,802</u>	<u>\$ 331,864</u>	<u>\$ 1,359,567</u>	<u>\$ 2,134,233</u>
Cash and cash equivalents classified as:				
Cash and cash equivalents	\$ -	\$ 8,598	\$ -	\$ 8,598
Restricted	356,099	143,366	1,440,519	1,939,984
Total	<u>\$ 356,099</u>	<u>\$ 151,964</u>	<u>\$ 1,440,519</u>	<u>\$ 1,948,582</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2022**

	Motor Vehicle Tag Fund
	<hr/>
ASSETS	
Cash	<u><u>\$ 616,051</u></u>
LIABILITIES	
Due to other governments	<u><u>\$ 616,051</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2022

	Motor Vehicle Tag Fund
Additions	
Charges for services	\$ 907,816
Total additions	<u>907,816</u>
Deductions	
Payments to other governments	<u>907,816</u>
Total deductions	<u>907,816</u>
Change in net position	<u>-</u>
Net position , beginning of year	-
Net position , end of year	<u><u>\$ -</u></u>

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

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

(1) Summary of Significant Accounting Policies:

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The ***Fire Control Fund*** is a special revenue fund used to account for receipts for fire protection services and the subsequent expenditures of these funds.

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when paid.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category consisted of deferred amounts related to pension, as discussed further in Note 0.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note 0.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

At September 30, 2022, the City held various demand deposits with a financial institution. All of the bank balance is covered by Federal depository insurance or by collateral held by the City's custodial banks, which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

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

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

(4) Receivables:

Receivables at September 30, 2022, for the City's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Fire Control	Water	Solid Waste	Sewer	Total
Interest	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ 224
Accounts	201,217	-	280,101	307,287	289,353	1,077,958
Intergovernmental	258,305	177,161	-	-	-	435,466
Gross Receivables	459,746	177,161	280,101	307,287	289,353	1,513,648
Allowance	-	-	(135,324)	(146,391)	(111,285)	(393,000)
Net total receivables	<u>\$ 459,746</u>	<u>\$ 177,161</u>	<u>\$ 144,777</u>	<u>\$ 160,896</u>	<u>\$ 178,068</u>	<u>\$ 1,120,648</u>

(5) Interfund Loans, Advances, and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2022, are comprised of the following:

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	General Fund	\$ 529,662
General Fund	Downtown Development Fund	181,002
Water Utility Fund	General Fund	3,394,751
General Fund	Sewer Utility Fund	974,444
General Fund	Fire Control Fund	395,943
Solid Waste Utility Fund	Water Fund	187,983
Solid Waste Utility Fund	General Fund	386,999
		<u>\$ 6,050,784</u>

Interfund transfers:

	Transfers In:			
	General Fund	Fire Control Fund	Special Revenue Fund	Total
Transfer Out:				
General Fund	\$ -	\$ 605,606	\$ 75,000	\$ 680,606
Fire Control Fund	100,000	-	-	100,000
Downtown Development Fund	27,635	-	-	27,635
Special Revenue Fund	355,000	-	-	355,000
Sewer Fund	310,394	-	-	310,394
Water Fund	382,849	-	-	382,849
Solid Waste Fund	238,826	-	-	238,826
	<u>\$ 1,414,704</u>	<u>\$ 605,606</u>	<u>\$ 75,000</u>	<u>\$ 2,095,310</u>

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

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

(6) Capital Assets:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 824,661	\$ -	\$ -	\$ 824,661
Construction in progress	255,517	(196,182)	-	59,335
Total capital assets, not being depreciated	1,080,178	(196,182)	-	883,996
Capital assets, being depreciated				
Buildings	3,426,340	824,305	-	4,250,645
Improvements other than buildings	7,034,223	152,250	-	7,186,473
Machinery and equipment	3,085,374	2,008,045	(9,000)	5,084,419
Total capital assets, being depreciated	13,545,937	2,984,600	(9,000)	16,521,537
Less accumulated depreciation				
Buildings	(1,606,609)	(145,290)	-	(1,751,899)
Improvements other than buildings	(5,493,071)	(218,869)	-	(5,711,940)
Machinery and equipment	(2,137,423)	(392,993)	4,500	(2,525,916)
Total accumulated depreciation	(9,237,103)	(757,152)	4,500	(9,989,755)
Total capital assets, being depreciated, net	4,308,834	2,227,448	(4,500)	6,531,782
Governmental activities capital assets, net	5,389,012	2,031,266	(4,500)	7,415,778

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 404,668	\$ -	\$ -	\$ 404,668
Construction in progress	1,879,853	851,476	-	2,731,329
Total capital assets, not being depreciated	<u>2,284,521</u>	<u>851,476</u>	<u>-</u>	<u>3,135,997</u>
Capital assets, being depreciated				
Buildings	2,341,838	-	-	2,341,838
Improvements other than buildings	21,258,607	-	-	21,258,607
Machinery and equipment	1,225,331	108,978	-	1,334,309
Total capital assets, being depreciated	<u>24,825,776</u>	<u>108,978</u>	<u>-</u>	<u>24,934,754</u>
Less accumulated depreciation				
Buildings	(1,079,423)	(56,488)	-	(1,135,911)
Improvements other than buildings	(6,782,159)	(557,312)	-	(7,339,471)
Machinery and equipment	(976,183)	(89,585)	-	(1,065,768)
Total accumulated depreciation	<u>(8,837,765)</u>	<u>(703,385)</u>	<u>-</u>	<u>(9,541,150)</u>
Total capital assets, being depreciated, net	<u>15,988,011</u>	<u>(594,407)</u>	<u>-</u>	<u>15,393,604</u>
Governmental activities capital assets, net	<u>18,272,532</u>	<u>257,069</u>	<u>-</u>	<u>18,529,601</u>

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2022:

Governmental activities:	
General government	\$ 36,124
Public safety	312,082
Physical environment	20,549
Transportation	148,730
Economic environment	55,618
Culture and recreation	184,049
Total	<u>\$ 757,152</u>
Business-type activities:	
Water	\$ 131,552
Sewer	571,833
Total	<u>\$ 703,385</u>

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

(7) Long-term Liabilities:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Notes payable	\$ -	\$ 589,000	\$ (53,000)	\$ 536,000	\$ 85,000
Lease liabilities	287,569	1,555,961	(131,303)	1,712,227	308,025
Compensated absences	516,640	350,203	(247,277)	619,566	185,870
Total	<u>\$ 804,209</u>	<u>\$ 2,495,164</u>	<u>\$ (431,580)</u>	<u>\$ 2,867,793</u>	<u>\$ 578,895</u>
Business-type activities:					
Bonds payable	\$ 7,192,120	\$ 3,200,000	\$ (195,720)	\$ 10,196,400	\$ 342,240
Compensated absences	33,166	36,815	(34,551)	35,430	10,629
Total	<u>\$ 7,225,286</u>	<u>\$ 3,236,815</u>	<u>\$ (230,271)</u>	<u>\$ 10,231,830</u>	<u>\$ 352,869</u>

Notes payable in the City's governmental activities at September 30, 2022, were comprised of the following obligation:

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

Notes payable debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 85,000	\$ 11,953	\$ 96,953
2024	87,000	10,057	97,057
2025	88,000	8,117	96,117
2026	90,000	6,155	96,155
2027	92,000	4,148	96,148
2028	94,000	2,096	96,096
	<u>\$ 536,000</u>	<u>\$ 42,526</u>	<u>\$ 578,526</u>

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

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

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

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

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

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

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

Revenue bonds outstanding at September 30, 2022, are as follows:

Purpose	Interest Rates	Amounts
Wastewater treatment system Series 2004	4.500%	\$ 1,660,000
Wastewater treatment system Series 2009	4.125%	5,377,400
Water and sewer Series 2022	3.200%	2,350,000
Water and sewer Series 2022	2.010%	809,000
Total		<u>\$ 10,196,400</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 342,240	\$ 382,130	\$ 724,370
2024	365,050	376,137	741,187
2025	377,259	363,518	740,777
2026	391,673	350,444	742,117
2027	404,397	336,856	741,253
2028 – 2032	2,242,089	1,462,807	3,704,896
2033 – 2037	2,323,559	1,050,463	3,374,022
2038 – 2042	1,636,631	652,296	2,288,927
2043 – 2047	1,484,798	308,641	1,793,439
2048 – 2049	628,704	77,299	706,003
	<u>\$10,196,400</u>	<u>\$ 5,360,591</u>	<u>\$15,556,991</u>

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

(8) Lease liabilities:

The City is leasing various vehicles and equipment with a cost of \$2,254,642. These lease agreements qualify as lease liabilities for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through lease liabilities are as follows:

	Governmental Activities
Asset:	
Vehicles and equipment	\$ 2,254,642
Less: Accumulated depreciation	(569,161)
Total	<u>\$ 1,685,481</u>

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

Year Ending September 30,	Principal	Interest	Total
2023	\$ 308,025	\$ 49,928	\$ 357,953
2024	172,626	35,366	207,992
2025	163,832	29,981	193,813
2026	188,318	24,544	212,862
2027	142,406	19,999	162,405
2028 – 2032	737,020	51,237	788,257
	<u>\$ 1,712,227</u>	<u>\$ 211,055</u>	<u>\$ 1,923,282</u>

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

(9) Pension Obligations:

Florida Retirement System (FRS)

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$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 HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) Pension Obligations: (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 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 Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

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

Contributions

The entity participates in certain classes of FRS membership. Each class 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%
Senior Management	29.01%	31.57%
Special Risk	25.89%	27.83%
DROP	18.34%	18.60%

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

(9) Pension Obligations: (Continued)

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, including in the above rates.

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

City Contributions – FRS	\$ 477,536
City Contributions – HIS	49,810
Employee Contributions – FRS	90,019

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

At September 30, 2022, the City reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 4,163,912
HIS	871,897
Total	<u>\$ 5,035,809</u>

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 employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2022</u>	<u>2021</u>
FRS	0.011190895%	0.010736185%
HIS	0.008231970%	0.007730708%

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

FRS	\$ 635,684
HIS	85,343
Total	<u>\$ 721,027</u>

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

(9) Pension Obligations: (Continued)

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 197,762	\$ -	\$ 26,464	\$ (3,836)
Changes of assumptions	512,803	-	49,978	(134,882)
Net different between projected and actual investment earnings	274,943	-	1,262	-
Change in City's proportionate share	154,309	(63,808)	137,678	-
Contributions subsequent to measurement date	142,661	-	14,331	-
	<u>\$ 1,282,478</u>	<u>\$ (63,808)</u>	<u>\$ 229,713</u>	<u>\$ (138,718)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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	\$ 272,571	\$ 25,955	\$ 298,526
2024	110,883	27,644	138,527
2025	(67,137)	24,490	(42,647)
2026	710,900	10,457	721,357
2027	48,792	(7,015)	41,777
Thereafter	-	(4,867)	(4,867)
Total	<u>\$ 1,076,009</u>	<u>\$ 76,664</u>	<u>\$ 1,152,673</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

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

(9) Pension Obligations: (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate 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 of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 7,201,200	\$ 4,163,912	\$ 1,624,378
HIS	3.54%	997,522	871,897	767,945

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

(10) Other Postemployment Benefits:

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

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

(11) Commitments and Contingencies:

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

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

(12) Deficit Fund Balance:

At September 30, 2022, the Fire Control Fund reported a fund balance deficit of \$254,996. This cumulative deficit was the result of making additional capital expenditures that are expected to be recovered from subsequent periods' general fund transfers.

(13) Recent Accounting Pronouncements:

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

- (a) GASB issued Statement No. 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 defines a SBITA, establishes a right-to-use subscription asset and a corresponding liability, provides capitalization criteria for implementation costs, and requires note disclosures. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.
- (b) 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.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Note 1: 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 HIGH SPRINGS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

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

Note 1: 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 HIGH SPRINGS, FLORIDA
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Agency/ Pass-Through Entity/Federal Program	AL Number	Contract / Grant Number	Expenditures
FEDERAL AGENCY			
Department of Housing and Urban Development			
Indirect Programs:			
Passed through Florida Division of Economic Opportunity:			
Community Development Block Grants - Disaster Recovery	14.228	19DB-ON-03-11-02-N01	\$ 229,359
Total Department of Housing and Urban Development			<u>229,359</u>
Department of Justice			
Indirect Programs:			
Passed through State of Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2022-JAGD-ALAC-1-4B-006	1,344
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2022-JAGD-ALAC-2-3B-041	13,748
Total Department of Justice			<u>15,092</u>
Department of Treasury			
Direct Programs:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	Y5112	3,094,274
Total Department of Treasury			<u>3,094,274</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,338,725</u></u>

Notes:

1) Basis of Presentation:

The accompanying Schedule of Federal Awards includes the federal award activity of City of High Springs, Florida (City) and is presented on the accrual basis of accounting. 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)

2) Subrecipients:

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

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

**CITY OF HIGH 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: *Modified*

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X none reported

Auditee qualified as a low-risk auditee? yes X no

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

Identification of major Federal programs:

Assistance Listing Number	Program Name
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

B. Financial Statement Findings:

2022-001 Utility Billing Rates

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

Condition: The City billed customers incorrectly throughout the year.

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(CONTINUED)**

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

Effect: The City residents were billed using an incorrect utility billing rate.

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

2022-002 Reconciliation of Account Balances and Audit Adjustments

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

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

Cause: For the year ended September 30, 2022, many accounts were not reconciled on a timely basis and certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. We noted this to be largely due to significant personnel turnover from the prior year.

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

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

- C. Federal Program Findings and Questioned Costs:** None.
- D. Summary Schedule of Prior Audit Findings:** N/A as there was no single audit for the year ended September 30, 2021.
- E. Corrective Action Plan:** Not applicable as there are no current year findings.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of High Springs, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs 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 for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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, 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.

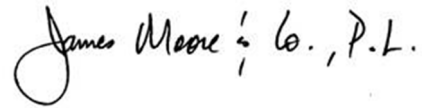
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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

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

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

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

Gainesville, Florida
November 9, 2023

**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 Mayor and City Commissioners,
City of High Springs, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 City of High 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 November 9, 2023.

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

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 below.

2022-003 Budgetary Compliance

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

- General government exceed final approved budget by \$157,912
- Public safety exceed final approved budget by \$1,779,131
- Physical environment exceed final approved budget by \$1,571
- Transportation exceed final approved budget by \$97,313
- Culture/recreation exceed final approved budget by \$100,958
- Fire control exceed final approved budget by \$75,993


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

Management's Response to Findings

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

Purpose of this Report

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



Gainesville, Florida
November 9, 2023

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

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

Report on the Financial Statements

We have audited the basic financial statements of City of High Springs, Florida (the City), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated November 9, 2023.

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

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 9, 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. Comment 2022-003 and 2022-004 remain uncorrected from the second preceding audit report. The following is a summary of prior year recommendations:

2021-001 – Utility Billing Rates – Corrective action not taken. See repeat comment 2022-001.

2021-002 – Reconciliation of Account Balances and Audit Adjustments – Corrective action not taken. See repeat comment 2022-002.

2021-003 – Budgetary Compliance – Corrective action not taken. See repeat comment 2022-003.

2021-004 – Policies and Procedures – Corrective action not taken. See repeat comment 2022-004.

2021-005 – Unexpended Balance – Building Permits – Corrective action not taken. See repeat comment 2022-005.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

2022-004 Policies and Procedures

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

2022-005 Unexpended Balance – Building Permits

Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The City's unexpended building permit funds at September 30, 2022, exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years by approximately \$299,061. The City should identify how it intends to reduce the amount of unexpected building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify subsequent fiscal year budgets.

2022-006 Debt Compliance

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

Special District Component Units

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

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

Additional Matters

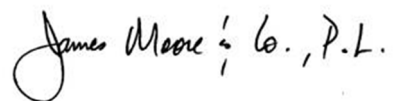
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

Management's Response to Findings

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

Purpose of this Letter

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

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

Gainesville, Florida
November 9, 2023

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

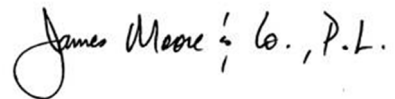
To the Mayor and City Commissioners,
City of High Springs, Florida:

We have examined the compliance of the City of High Springs, Florida (the City) with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2022. The City's management is responsible for the Town's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against the Statute, 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 against the aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of City's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that were not in accordance with those 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 the City, and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, City of High Springs, Florida complied, in all material respects, with the Statute for the year ended September 30, 2022.



Gainesville, Florida
November 9, 2023

Management's Response to Findings

2022-001 Utility Billing Rates – Management agrees with this finding and has highlighted the approval and revision of utility rates as a responsibility of the Finance Director. The current Finance Director joined the city after the FY22 rates were entered into the billing system, and the rates have been entered timely into the billing system upon adoption for FY23.

2022-002 Reconciliation of Account Balances and Audit Adjustments – Management agrees with this finding. Late in FY22 an accountant position was added to the finance department and this position has implemented a timely process to complete the monthly reconciliations.

2022-003 Budgetary Compliance – After the hiring of the new Finance Director in late FY22, monthly budget reports and meetings with Department Heads began in FY23 and have been completed with the exception of periods where operating circumstances have not allowed for scheduling for a given department. Budget amendments are being processed as required by operating budget activity.

2022-004 Policies and Procedures – Management has reviewed and revised several separate finance policies and will continue this work to finalize a comprehensive set of Financial Policies and Procedures to bring to the City Commission for approval. These drafted policies include but are not limited to City Credit card use, Prohibited Use of City Property, Take Home Vehicle use and taxable benefit reporting, Purchasing Policies and Procedures.

2022-005 Unexpended Balance – Building Permits – Management agrees with this finding. Management realizes that new construction is slowing with increasing mortgage rates so incoming fees will likely decline in the near future. At the same time, the Building Department staff are needed to perform inspections and the like on current construction and maintaining permitting processes for new construction. If the fund balance is not depleted during this slower construction period, management plans to look at construction of a new Building Department office.

2022-006 Debt Compliance – Management agrees with this finding. A procedure has been put in place to confirm both at budget development and at year end that the amount transferred to the general fund from the water system is in compliance with debt covenants.