

**CITY OF GREEN  
COVE SPRINGS, FLORIDA**

**FINANCIAL STATEMENTS AND AUDITORS'  
REPORTS  
September 30, 2025**



**CITY COUNCIL**

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Edward Gaw, Vice Mayor  
Cheryl Starnes  
Glee Glisson  
Darren Stutts*

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*Mike Null*

**CITY CLERK**

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**FINANCE DIRECTOR**

*Marsha Lowry*

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Emphasis of Matter

The City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Implementation of this standard did not have a material impact on the financial statements. Our opinion is not modified as respect to the matter.

### Responsibilities of Management for the Financial Statements

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

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City of Green Cove Springs  
Green Cove Springs, Florida

## INDEPENDENT AUDITOR'S REPORT

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Purvis Gray*

May 13, 2026  
Gainesville, Florida

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

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

### **Financial Highlights**

- The City's assets (plus deferred outflows of resources) exceeded its liabilities (plus deferred inflows of resources) at the close of fiscal year 2025 by \$74,468,679 (net position). Of this amount, \$3,980,861 (unrestricted net position) may be used to meet the City's ongoing obligations up from \$1,738,248 in the previous year.
- The City's total net position increased by \$3,258,493 during the year or a 5% increase compared to the prior year net position. Net position for governmental activities increased by \$131,544 or less than 1% while the business-type activities' net position increased by \$3,126,949 or 8%.
- Total combined revenues resulting from governmental activities and business-type activities increased \$1,582,516 or 4% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities decreased \$2,908,563 or 9% when compared to the prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,145,006 an increase of \$738,021 or 52% for the year when compared to the previous year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

### **Government-wide Financial Statements**

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Management’s Discussion and Analysis

September 30, 2025

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. At the end of the current year, the City’s net position was \$74,468,679. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position by referring to the table of contents of this report.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 4,968,745	\$ 4,593,593	\$ 22,978,164	\$ 22,796,583	\$ 27,946,909	\$ 27,390,176
Capital assets	32,288,487	33,408,759	63,760,773	56,510,891	96,049,260	89,919,650
<b>Total assets</b>	<b>37,257,232</b>	<b>38,002,352</b>	<b>86,738,937</b>	<b>79,307,474</b>	<b>123,996,169</b>	<b>117,309,826</b>
Deferred outflows	1,826,567	1,762,483	904,868	1,055,851	2,731,435	2,818,334
Current liabilities	556,692	1,254,783	5,159,929	5,103,548	5,716,621	6,358,331
Non-current liabilities	4,699,994	5,029,983	38,785,251	34,937,606	43,485,245	39,967,589
<b>Total liabilities</b>	<b>5,256,686</b>	<b>6,284,766</b>	<b>43,945,180</b>	<b>40,041,154</b>	<b>49,201,866</b>	<b>46,325,920</b>
Deferred inflows	2,343,867	2,128,367	713,192	463,687	3,057,059	2,592,054
Net position:						
Net investment in						
capital assets	31,457,929	32,087,672	31,199,718	30,945,763	62,657,647	63,033,435
Restricted	4,249,827	2,686,707	3,580,344	3,751,796	7,830,171	6,438,503
Unrestricted	(4,224,510)	(3,422,677)	8,205,371	5,160,925	3,980,861	1,738,248
<b>Total net position</b>	<b>\$ 31,483,246</b>	<b>\$ 31,351,702</b>	<b>\$ 42,985,433</b>	<b>\$ 39,858,484</b>	<b>\$ 74,468,679</b>	<b>\$ 71,210,186</b>

On September 30, 2025, approximately 84% of the City’s net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding, compared to 89% for the prior year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 11% of the City’s net position represents resources that are subject to external restrictions on how they may be used. That compares to 9% in the prior year. The remaining balance of unrestricted net position, \$3,980,861 or 5% of the City’s net position in 2025 may be used to meet the City’s ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$2,242,613 or 129% for the year.

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Management’s Discussion and Analysis

September 30, 2025

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

**Statement of Activities (Summary)**

**For the year ended September 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 1,745,292	\$ 1,330,574	\$ 24,568,571	\$ 21,851,559	\$ 26,313,863	\$ 23,182,133
Operating grants/contrib.	487,107	518,632	-	-	487,107	518,632
Capital grants/contrib.	1,104,596	310,674	2,176,658	1,459,624	3,281,254	1,770,298
<i>General revenues:</i>						
Property taxes	3,846,993	3,133,059	-	-	3,846,993	3,133,059
Sales taxes	2,503,392	2,402,856	-	-	2,503,392	2,402,856
Pub svc tax/franchise fees	929,588	1,014,360	-	-	929,588	1,014,360
Other taxes	59,043	19,485	-	-	59,043	19,485
Other intergovernmental revenue	426,840	2,861,895	-	-	426,840	2,861,895
State shared revenue	480,735	459,346	-	-	480,735	459,346
Other	525,350	181,902	1,234,498	2,962,181	1,759,848	3,144,083
<b>Total revenues</b>	<b>12,108,936</b>	<b>12,232,783</b>	<b>27,979,727</b>	<b>26,273,364</b>	<b>40,088,663</b>	<b>38,506,147</b>
<b>Expenses:</b>						
<i>Governmental activities:</i>						
General government	2,874,576	2,866,539	-	-	2,874,576	2,866,539
Public safety	5,166,505	4,950,955	-	-	5,166,505	4,950,955
Transportation	2,362,113	2,249,833	-	-	2,362,113	2,249,833
Physical environment	625,477	517,380	-	-	625,477	517,380
Community redevelopment	20,132	-	-	-	20,132	-
Culture and recreation	2,063,645	1,400,896	-	-	2,063,645	1,400,896
Interest on long-term debt	54,944	37,942	-	-	54,944	37,942
<i>Business-type activities:</i>						
Electric	-	-	14,580,376	13,463,092	14,580,376	13,463,092
Water	-	-	2,741,526	2,962,039	2,741,526	2,962,039
Sewer	-	-	4,105,184	3,534,115	4,105,184	3,534,115
Solid waste	-	-	1,142,455	1,080,213	1,142,455	1,080,213
Stormwater	-	-	1,093,237	858,603	1,093,237	858,603
<b>Total expenses</b>	<b>13,167,392</b>	<b>12,023,545</b>	<b>23,662,778</b>	<b>21,898,062</b>	<b>36,830,170</b>	<b>33,921,607</b>
<b>Transfers in (out)</b>	<b>1,190,000</b>	<b>1,854,000</b>	<b>(1,190,000)</b>	<b>(1,854,000)</b>	<b>-</b>	<b>-</b>
Change in Net Position	131,544	2,063,238	3,126,949	2,521,302	3,258,493	4,584,540
Net position - Beginning	31,351,702	29,181,085	39,858,484	37,444,561	71,210,186	66,625,646
Restatement	-	107,379	-	(107,379)	-	-
Net position - Ending	<b>\$ 31,483,246</b>	<b>\$ 31,351,702</b>	<b>\$ 42,985,433</b>	<b>\$ 39,858,484</b>	<b>\$ 74,468,679</b>	<b>\$ 71,210,186</b>

### **Governmental activities**

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

During 2025, governmental activities net position increased by \$131,544 compared to an increase in 2024 of \$2,063,238, which was a decline of \$1,931,694 or 94%. However, this required transfers from business-type activities of \$1,190,000 in 2025 and \$1,854,000 in 2024 to achieve these results. Overall, total revenues-governmental activities were down approximately \$123,000 or 1% while total expenses were up approximately \$1,143,847 or 10%. Following are key changes in the statement of activities from 2024 to 2025:

- Capital grants and contributions increased by approximately \$794,000 or 155% due to An increase in FEMA revenue from hurricanes, mobility fees from the Rookery subdivision, FRDAP grant for improvements at Vera Francis Hall Park and Augusta Savage friendship park and CDBG grant for drainage improvements.
- Charges for services revenue increased by approximately \$415,000 or 31% due to An increase in building permits, forfeiture funds, red light revenue, and mutual aid reimbursement.
- Property tax revenue increased by approximately \$714,000 or 13% due to keeping the milage at a rate of 5.30, increase in property values, and new taxable property in Rookery subdivision.
- Other revenue increased by approximately \$344,000 or 3% due to receiving a legal settlement from Clay Port and Pegasus.
- Other intergovernmental revenue decreased by approximately \$2,435,000 or 73% due to spending down of the ARPA fund in 2024.
- Remaining general and program revenues increased by \$45,000 or 1% for various reasons.

On the expense side, significant changes were as follows:

- Public safety expenses increased by approximately \$215,500 or 4% in 2025 compared to 2024 mainly due to the step increase that officers receive, vacancies being filled, and employees that retired with significant payouts.
- Transportation expenses increased by approximately \$112,300 or 5% in 2025 compared to 2024 mainly due to hurricane activity was low in FY2025 so the city did not have the overtime that happened in FY2024 and less sidewalk repairs in FY2025.
- Physical environment expenses increased by approximately \$108,097 or 21% in 2025 compared to 2024 mainly due to construction costs to make River's House structurally sound, roof replacement, exterior siding replacement, and porch repairs.
- Culture/recreation expenses increased by approximately \$662,700 or 47% in 2025 compared to 2024 mainly due to the replacement of the gym floor at Hogan's gym in August Savage and a new pool liner being installed at the pool.

**Governmental activities** (concluded)

- Remaining functional expenses decreased by approximately \$45,000 or 2% in 2025 compared to 2024 primarily due to fluctuations across a wide range of diverse expense categories.

**Business-type activities**

Business-type activities experienced an increase in net position of \$3,126,949 compared to a decrease of \$2,521,302 in the prior year, an improvement of \$506,647 or 24%. This is after the transfer supporting governmental activities discussed above.

- Revenues increased by approximately \$1,706,000 or 6% from 2024 to 2025 mainly caused by the following:
  - Charges for services revenue increased by approximately \$2,717,000 or 12% mainly due utility rate increases – 20% in water, 5% in wastewater, and 10% in electric.
  - Capital grants and contributions increased by approximately \$717,000 or 49% mainly due to the increase in the receipt of Electric Capacity Improvement Trust from the Rookery, Water Improvement Trust, and Wastewater Improvement Trust.
  - Other revenue decreased by approximately \$1,727,000 or 58% mainly due to surety deposit for the wastewater treatment plan on Harbor Road that was recorded as revenue in FY2024.
- Total expenses increased by approximately \$1,765,000 or 8%, due to a myriad of reasons but mainly because of the following:
  - Power costs in the City's Electric Fund were up approximately \$718,684 or 8%.
  - Sewer expenses increased by approximately \$571,000 or 16% mainly due to getting the wastewater treatment plant ready to be put into service and then putting it into service in June 2025. Hired 2 trainees to meet the increased FDEP staffing requirements for the new plant. Payroll was allocated differently to account for employee time use. Increased depreciation expense because wastewater treatment plant was put into use. Increase in chemical and electrical costs due to the new treatment plant.
  - Stormwater expenses increased by approximately \$235,000 or 27% mainly due to increase in depreciation expense from the West Street Stormwater Project which was to improve aging pipeline from Walnut Street to Martin Luther King, Jr. Boulevard.
- Operating income for all business-type activities for 2025 was \$1,564,307 or 6% of operating revenue compared to 2024 operating income of \$585,624 which represented 3% of operating revenue.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$2,145,006. Of this amount, \$67,837 is non-spendable, \$2,571,029 is legally restricted for specific purposes, and assigned and unassigned fund balance was a deficit (\$520,258). Following is a discussion of the individual major governmental fund.

*General Fund.* The General Fund is the chief operating fund of the City. At year end, unassigned and assigned fund balance of the General Fund was a deficit (\$416,545) and total fund balance was \$1,734,420.

In the General Fund, the change in fund balance for the year went from a decrease of \$738,475 in 2024 to a increase of \$381,710 in 2025 an improvement of \$1,120,185. Following is a summary of the notable changes from 2024 to 2025:

- Revenues were down by approximately \$1,729,300 or 14% due to the following:
  - Taxes revenue increased by approximately \$593,000 or 13% due to increases in ad valorem taxes and increase in communication services tax.
  - Other revenue increased by approximately \$585,000 or 355% due to insurance claims and legal settlements from Clay Port and Pegasus.
  - The above increases were more than offset by decreased intergovernmental revenue of approximately \$2,943,000 or 45% due mainly to ARPA SLFRF revenue recognized in the prior year that was not recurring in the current year.
  - The remaining revenue categories increased by approximately \$36,000 or 3% for a myriad of reasons, none of which were individually significant.
- Expenditures decreased by approximately \$4,080,000 or 27% due to the following:
  - General government expenditures increased by approximately \$307,000 or 14% due a new city hall generator and transfer switch being installed, sound and video equipment being installed in the council chambers, and finance department was fully staffed in FY2025.
  - Public safety expenditures increased by approximately \$228,000 or 5% due to the step increase that officers receive, vacancies being filled, and employees that retired with significant payouts.
  - Transportation expenditures decreased by approximately \$192,000 or 12% due to hurricane activity was low in FY2025 so the city did not have the overtime that happened in FY2024 and less sidewalk repairs in FY2025.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (concluded)**

- Culture/recreation expenditures increased by approximately \$324,000 or 44% due to the replacement of the gym floor at Hogan's gym in August Savage and a new pool liner being installed at the pool.
- Capital outlay expenditures decreased by approximately \$4,701,000 or 83% mainly due to Walnut Street and West Street being finalized in FY2024.
- The remaining functional expenditures decreased by approximately \$45,600 or 11% for various fluctuations across a wide range of diverse expenditure categories.

**Proprietary Funds.** The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and is in more detail. The City's proprietary funds consist of five enterprise funds, four of which are reported as major funds, up from three major enterprise funds in the prior year. An overall picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2024 to 2025, by major fund:

- In the Electric Fund, the change in net position improved from an increase of \$122,114 in 2024 to an increase of \$1,738,200 in 2025, an improvement of approximately \$1,795,000 or 1323%. The City of Green Cove Springs implemented a rate increase, increased the number of customers in FY2025, and received more electric capacity improvement trust fees from the Rookery subdivision.
- In the Water Fund, the change in net position improved from a decrease of \$779,838 in 2024 to a decrease of \$34,165 in 2025, an improvement of \$745,673 or 96%. The City of Green Cove Springs implemented a water rate increase of 20% which increased Water Sales by approximately \$440,000. Line maintenance costs were reduced by approximately \$100,000 in FY2025. Salaries were allocated differently to accommodate for the correct use of employees' time.
- In the Sewer Fund, the change in net position deteriorated from an increase of \$2,076,135 in 2024 to an increase of \$381,023 in 2025, a decline of \$1,695,112. The decline was due to personnel costs rising approximately \$250,000 due to 2 trainees being hired to meet FDEP requirements for the new plant and payroll was allocated differently in FY2025 between water and wastewater. The operator salaries were allocated more to sewer because they are spending more time operating the plant. The surety deposit for the wastewater treatment plant was received in FY2024 increasing the net position shown in FY2024.
- In the stormwater fund, the change in net position deteriorated from an increase of \$1,045,892 in 2024 to an increase of \$899,844 in 2025, a decline of \$146,048. The decline was due to depreciation on the West Street and Julia Street projects starting in FY2025.

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

This pension plan reported \$12,108,442 of net position restricted for pension benefits on September 30, 2025. This is an increase of \$1,422,184 or 13% for the year. The pension plan reported a net investment income of \$1,695,323 for 2024 compared to a net investment income of \$901,422 in 2025.

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Management’s Discussion and Analysis

September 30, 2025

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund budgetary comparison schedule can be found in the “Required Supplementary Information” section of the financial statements. As shown on that schedule, the original 2025 General Fund budget anticipated using none of the beginning fund balance during 2025. The original budget was amended increasing budgeted revenue by \$10,301, expenditures by \$346,560 and other financing uses (transfers) by \$168,020 due to differences between the original estimate and actual results. The amended budget therefore reflect a final amended expected use of beginning fund balance of \$504,279.

Actual results for 2025 increased beginning fund balance by \$381,710 which is \$885,989 better than the final budget anticipated. Actual revenues came in \$1,786,237 or 14% less than the final amended budget. Expenditures came in \$2,665,753 or 16% less than the final amended budget, spread across all departments. Actual other financing sources and uses, net were \$6,473 more than the budget (favorable).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City’s investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2025, totals \$96,049,260 (net of accumulated depreciation), an increase of \$6,129,610 or 7% for the current year. Governmental activities’ net additions were \$978,907 and depreciation expense was \$2,099,179 for a net increase of \$1,120,272. Business-type net additions were \$10,986,583 and depreciation expense was \$3,736,701 for a net increase of \$7,249,882.

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

<b>Capital Assets Activity</b> (net of accumulated depreciation) as of September 30,							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	
Land	\$ 8,015,952	\$ 8,015,952	\$ 227,136	\$ 227,136	\$ 8,243,088	\$ 8,243,088	
Buildings and improvements	28,049,955	27,934,555	89,183,569	70,443,105	117,233,524	98,377,660	
Equipment	5,173,312	5,324,866	20,138,800	13,368,321	25,312,112	18,693,187	
Infrastructure	11,829,555	11,829,555	-	-	11,829,555	11,829,555	
Subscription assets	193,314	193,314	-	-	193,314	193,314	
Right to use leased equipment	-	-	562,487	562,487	562,487	562,487	
Construction in progress	1,430,778	899,226	5,703,208	20,563,791	7,133,986	21,463,017	
Accumulated Depreciation	<u>(22,404,379)</u>	<u>(20,788,709)</u>	<u>(52,054,427)</u>	<u>(48,653,949)</u>	<u>(74,458,806)</u>	<u>(69,442,658)</u>	
Total	<u>\$ 32,288,487</u>	<u>\$ 33,408,759</u>	<u>\$ 63,760,773</u>	<u>\$ 56,510,891</u>	<u>\$ 96,049,260</u>	<u>\$ 89,919,650</u>	

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Management’s Discussion and Analysis

September 30, 2025

**CAPITAL ASSET AND DEBT ADMINISTRATION (concluded)**

**Long-term obligations.** At the end of the current fiscal year, the City’s long-term obligations totaled \$43,485,245 compared to \$39,967,589 at the end of 2024. Long-term obligations include long-term debt, subscriptions payable, leases payable, other post-employment benefit liability, net pension liabilities and accumulated compensated absences. Long-term debt consists of bonds and notes.

	Long-Term Obligations as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Bonds and notes payable	\$ 725,637	\$ 988,292	\$ 34,672,319	\$ 30,689,300	\$ 35,397,956	\$ 31,677,592
Subscriptions payable	104,921	139,351	-	-	104,921	139,351
Leases payable	-	-	542,000	589,000	542,000	589,000
Other post employment benefits	318,371	281,093	243,428	235,254	561,799	516,347
Net pension liability	2,610,231	2,936,740	2,523,741	2,987,706	5,133,972	5,924,446
Compensated absences	940,834	684,507	803,763	436,346	1,744,597	1,120,853
<b>Total</b>	<u>\$ 4,699,994</u>	<u>\$ 5,029,983</u>	<u>\$ 38,785,251</u>	<u>\$ 34,937,606</u>	<u>\$ 43,485,245</u>	<u>\$ 39,967,589</u>

At the end of the current fiscal year, the City’s formal *long-term debt* totaled \$35,397,956, compared to the balance of \$31,677,592 at the end of 2024, an increase of \$3,720,364 or 12%. Of the year-end balance, \$725,637 was in governmental activities and \$34,672,319 was in business-type activities. The net increase in long-term debt for 2025 was attributable to increased borrowing for sewer and stormwater system improvements partially offset by scheduled principal payments and amortization of bond discounts and deferred refunding losses.

Long-term obligations other than long-term debt consist of obligations related to the total OPEB liability, accrued compensated absences, leases payable, subscriptions payable and net pension liabilities. At the end of the current fiscal year, the City’s long-term obligations other than long-term debt totaled \$8,087,289 compared to \$8,289,997 at the end of 2024. Of the year-end balance, \$3,974,357 was in governmental activities and \$4,112,932 was in business-type activities. The total OPEB liability increased by \$45,452 during 2025 and the net pension liabilities decreased by \$790,474 (excluding the \$37,891 increase in the net pension asset during 2025).

**REQUEST FOR INFORMATION**

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Statement of Net Position

September 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 2,150,392	\$ 12,984,503	\$ 15,134,895
Receivables, current:			
Customer accounts, net	16,412	3,061,734	3,078,146
Intergovernmental and other	1,047,482	74,238	1,121,720
Lease receivable	222,024	-	222,024
Accrued income	367	-	367
Inventory and prepaids	67,837	2,910,770	2,978,607
Net pension asset	1,666,898	-	1,666,898
Internal balances	(690,372)	690,372	-
Restricted assets:			
Equity in pooled cash and cash equivalents	487,705	3,256,547	3,744,252
Capital assets:			
Non-depreciable	9,446,730	5,930,344	15,377,074
Depreciable, net	22,841,757	57,830,429	80,672,186
<b>TOTAL ASSETS</b>	<b>37,257,232</b>	<b>86,738,937</b>	<b>123,996,169</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,748,493	845,173	2,593,666
Deferred outflows related to OPEB	78,074	59,695	137,769
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,826,567</b>	<b>904,868</b>	<b>2,731,435</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	212,202	1,659,768	1,871,970
Construction costs payable	-	29,837	29,837
Accrued wages	318,560	144,505	463,065
Due to other governments	3,099	13,125	16,224
Unearned revenue - power cost overrecovery	-	850,722	850,722
Unearned revenue - other	-	285,861	285,861
Accrued interest payable	14,498	55,467	69,965
Customer deposits	8,333	1,120,644	1,128,977
Unearned revenue - rate stabilization	-	1,000,000	1,000,000
Long-term obligations:			
Due within one year	591,489	2,346,964	2,938,453
Due in more than one year	4,108,505	36,438,287	40,546,792
<b>TOTAL LIABILITIES</b>	<b>5,256,686</b>	<b>43,945,180</b>	<b>49,201,866</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,984,867	604,173	2,589,040
Deferred inflows related to OPEB	142,581	109,019	251,600
Deferred inflows related to leases	216,419	-	216,419
Total deferred inflows of resources	2,343,867	713,192	3,057,059
<b>NET POSITION</b>			
Net investment in capital assets	31,457,929	31,199,718	62,657,647
Restricted for:			
Building code enforcement	259,019	-	259,019
Debt service	46,200	521,774	567,974
Capital projects - transportation	337,272	-	337,272
Capital projects - infrastructure surtax	1,464,215	-	1,464,215
Law enforcement expenditures	228,882	-	228,882
Community redevelopment	26,398	-	26,398
Mobility improvements	220,943	-	220,943
Pension benefits	1,666,898	-	1,666,898
System improvements	-	3,058,570	3,058,570
Unrestricted	(4,224,510)	8,205,371	3,980,861
<b>TOTAL NET POSITION</b>	<b>\$ 31,483,246</b>	<b>\$ 42,985,433</b>	<b>\$ 74,468,679</b>

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Statement of Activities

For the year ended September 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,874,576	\$ 198,931	\$ 3,276	\$ 410,907	\$ (2,261,462)	\$ -	\$ (2,261,462)
Public safety	5,166,505	1,376,105	5,864	9,728	(3,774,808)	-	(3,774,808)
Physical environment	625,477	-	-	311,000	(314,477)	-	(314,477)
Transportation	2,362,113	-	477,967	208,152	(1,675,994)	-	(1,675,994)
Community redevelopment	20,132	-	-	-	(20,132)	-	(20,132)
Culture and recreation	2,063,645	170,256	-	164,809	(1,728,580)	-	(1,728,580)
Interest on long-term debt	54,944	-	-	-	(54,944)	-	(54,944)
<b>Total governmental activities</b>	<b>13,167,392</b>	<b>1,745,292</b>	<b>487,107</b>	<b>1,104,596</b>	<b>(9,830,397)</b>	<b>-</b>	<b>(9,830,397)</b>
<b>Business-type activities</b>							
Electric	14,580,376	15,429,652	-	1,439,980	-	2,289,256	2,289,256
Water	2,741,526	2,644,796	-	72,440	-	(24,290)	(24,290)
Wastewater	4,105,184	3,931,715	-	367,928	-	194,459	194,459
Sanitation	1,142,455	1,036,564	-	-	-	(105,891)	(105,891)
Stormwater	1,093,237	1,525,844	-	296,310	-	728,917	728,917
<b>Total business-type activities</b>	<b>23,662,778</b>	<b>24,568,571</b>	<b>-</b>	<b>2,176,658</b>	<b>-</b>	<b>3,082,451</b>	<b>3,082,451</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 36,830,170</b>	<b>\$ 26,313,863</b>	<b>\$ 487,107</b>	<b>\$ 3,281,254</b>	<b>\$ (9,830,397)</b>	<b>\$ 3,082,451</b>	<b>\$ (6,747,946)</b>
<b>GENERAL REVENUES</b>							
Taxes:							
Property taxes, levied for general purposes					3,800,530	-	3,800,530
Property taxes, levied for community redevelopment					46,463	-	46,463
Sales taxes					2,503,392	-	2,503,392
Public service taxes					646,953	-	646,953
Franchise and utility taxes					282,635	-	282,635
Other taxes					59,043	-	59,043
State shared revenue					480,735	-	480,735
Other intergovernmental revenues					426,840	-	426,840
Investment earnings (loss)					90,553	450,989	541,542
Miscellaneous					405,408	732,106	1,137,514
Gain (loss) on disposal of capital assets					29,389	51,403	80,792
<b>TRANSFERS</b>					<b>1,190,000</b>	<b>(1,190,000)</b>	<b>-</b>
Total general revenues and transfers					9,961,941	44,498	10,006,439
<b>CHANGE IN NET POSITION</b>					<b>131,544</b>	<b>3,126,949</b>	<b>3,258,493</b>
<b>NET POSITION, beginning of year</b>					<b>31,351,702</b>	<b>39,858,484</b>	<b>71,210,186</b>
<b>NET POSITION, end of year</b>					<b>\$ 31,483,246</b>	<b>\$ 42,985,433</b>	<b>\$ 74,468,679</b>

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Balance Sheet – Governmental Funds

September 30, 2025

	General Fund	Non-major Governmental Funds	Total
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 2,150,383	\$ 427,016	\$ 2,577,399
Receivables, net			
Customer accounts, net	16,412	-	16,412
Intergovernmental and other	1,047,482	-	1,047,482
Leases	222,024	-	222,024
Accrued income	367	-	367
Inventory	50,359	-	50,359
Prepaid expenditures	17,478	-	17,478
Due from other funds	54,628	-	54,628
Restricted assets:			
Cash and cash equivalents	60,698	-	60,698
<b>TOTAL ASSETS</b>	<b>\$ 3,619,831</b>	<b>\$ 427,016</b>	<b>\$ 4,046,847</b>
<b>LIABILITIES</b>			
Accounts payable	209,038	3,164	212,202
Accrued personnel liabilities	308,393	10,167	318,560
Due to other governments	-	3,099	3,099
Due to other funds	745,000	-	745,000
Deposits	8,333	-	8,333
<b>TOTAL LIABILITIES</b>	<b>1,270,764</b>	<b>16,430</b>	<b>1,287,194</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	398,228	-	398,228
Leases	216,419	-	216,419
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>614,647</b>	<b>-</b>	<b>614,647</b>
<b>FUND BALANCE</b>			
Nonspendable:			
Inventory	50,359	-	50,359
Prepays	17,478	-	17,478
Restricted for:			
Building code enforcement	-	259,019	259,019
Debt service	60,698	-	60,698
Capital projects - transportation	337,272	-	337,272
Capital projects - infrastructure surtax	1,464,215	-	1,464,215
Capital projects - mobility improvements	220,943	-	220,943
Law enforcement expenditures	-	228,882	228,882
Community redevelopment	-	26,398	26,398
Assigned to:			
Capital improvements	-	9	9
Unassigned	(416,545)	(103,722)	(520,267)
<b>TOTAL FUND BALANCES</b>	<b>1,734,420</b>	<b>410,586</b>	<b>2,145,006</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,619,831</b>	<b>\$ 427,016</b>	<b>\$ 4,046,847</b>

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2025

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 2,145,006
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	32,288,487
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities	398,228
The net pension assets are not current financial resources and therefore are not reported in the governmental funds.	1,666,898
Deferred outflows of resources represent an consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	1,826,567
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(2,127,448)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(14,498)
Long-term liabilities (including bonds and notes payable, compensated absences liability, estimated workers' compensation claims, OPEB obligation, and net pension liabilities) are not due and payable in the current period and, therefore, are not reported in the governmental funds. This is the amount of the long-term obligations	(4,699,994)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 31,483,246</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the year ended September 30, 2025

	General Fund	Non-major Governmental Funds	Total
<b>REVENUES:</b>			
Taxes	\$ 5,276,149	\$ 46,463	\$ 5,322,612
Licenses and permits	397,887	519,875	917,762
Intergovernmental revenue	3,625,819	172,894	3,798,713
Charges for services	148,830	67,256	216,086
Fines and forfeitures	815,153	73,579	888,732
Investment loss, net	94,590	-	94,590
Other	498,139	30,115	528,254
Total revenues	<u>10,856,567</u>	<u>910,182</u>	<u>11,766,749</u>
<b>EXPENDITURES:</b>			
General government	2,440,040	-	2,440,040
Public safety	5,035,794	460,608	5,496,402
Physical environment	267,011	-	267,011
Transportation	1,407,662	228,513	1,636,175
Economic environment	-	3,851	3,851
Culture/recreation	1,054,542	-	1,054,542
Capital outlay	956,461	22,446	978,907
Debt service	100,930	240,870	341,800
Total expenditures	<u>11,262,440</u>	<u>956,288</u>	<u>12,218,728</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(405,873)</u>	<u>(46,106)</u>	<u>(451,979)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,196,472	408,889	1,605,361
Transfers (out)	<u>(408,889)</u>	<u>(6,472)</u>	<u>(415,361)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>787,583</u>	<u>402,417</u>	<u>1,190,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	381,710	356,311	738,021
<b>FUND BALANCE, previously reported</b>	1,352,710	54,275	1,406,985
<b>FUND BALANCE, end of year</b>	<u>\$ 1,734,420</u>	<u>\$ 410,586</u>	<u>\$ 2,145,006</u>

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

Governmental Funds to the Statement of Activities

For the year ended September 30, 2025

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

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	738,021
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.		978,907
This is the amount of depreciation recorded in the current period.		(2,099,179)
Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.		
This represents the change caused by the "availability" criterion		342,187
Long-term obligations including bonds and notes payable, compensated absences and other post-employment benefit obligations are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:		
This is the repayment of bond principal reported as expenditures in governmental funds.		262,655
This is the repayment of subscriptions payable made during the year.		34,430
This is the change in accrued interest payable on long-term obligations.		(10,229)
This is the change in accrued compensated absences during the year.		(256,327)
Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:		
This amount represents the change in deferred inflows related to OPEB.		1,136
This amount represents the change in deferred outflows related to OPEB.		(6,043)
This amount represents the change in the total OPEB liability.		(37,278)
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental finds:		
This amount represents the change in deferred inflows related to pensions.		(251,263)
This amount represents the change in deferred outflows related to pensions.		70,127
This amount represents the change in the net pension liability (asset).		364,400
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>131,544</b>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
Statement of Net Position – Proprietary Funds  
September 30, 2025

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Fund	Total	
<b>ASSETS</b>							
Current assets:							
Equity in pooled cash and investments	\$ 3,534,108	\$ 1,899,418	\$ 5,001,206	\$ 1,743,141	\$ 69,090	\$ 12,246,963	\$ 737,540
Receivables:							
Customers, net	1,990,438	244,483	417,863	281,700	69,039	3,003,523	58,211
Intergovernmental and other	-	-	-	74,238	-	74,238	-
Inventory and prepaids	2,692,891	199,701	17,162	-	-	2,909,754	1,016
Due from other funds	745,000	-	49,005	-	-	794,005	-
Total current assets	<u>8,962,437</u>	<u>2,343,602</u>	<u>5,485,236</u>	<u>2,099,079</u>	<u>138,129</u>	<u>19,028,483</u>	<u>796,767</u>
Noncurrent assets:							
Restricted assets:							
Equity in pooled cash and investments	213,601	89,118	38,309	2,915,519	-	3,256,547	-
Capital assets:							
Non-depreciable	2,134,899	554,156	2,012,088	1,229,201	-	5,930,344	-
Depreciable, net	<u>15,661,308</u>	<u>5,056,275</u>	<u>29,888,989</u>	<u>6,671,506</u>	<u>514,230</u>	<u>57,792,308</u>	<u>38,121</u>
Total noncurrent assets	<u>18,009,808</u>	<u>5,699,549</u>	<u>31,939,386</u>	<u>10,816,226</u>	<u>514,230</u>	<u>66,979,199</u>	<u>38,121</u>
Total assets	<u>26,972,245</u>	<u>8,043,151</u>	<u>37,424,622</u>	<u>12,915,305</u>	<u>652,359</u>	<u>86,007,682</u>	<u>834,888</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	336,526	152,143	140,623	22,813	99,186	751,291	93,882
Deferred outflows related to OPEB	<u>14,837</u>	<u>13,106</u>	<u>13,758</u>	<u>1,616</u>	<u>8,620</u>	<u>51,937</u>	<u>7,758</u>
Total deferred outflows of resources	<u>351,363</u>	<u>165,249</u>	<u>154,381</u>	<u>24,429</u>	<u>107,806</u>	<u>803,228</u>	<u>101,640</u>

Continued...

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Statement of Net Position – Proprietary Funds (concluded)

September 30, 2025

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Fund	Total	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,231,572	55,744	60,652	24,253	3,127	1,375,348	284,420
Construction costs payable	-	-	-	29,837	-	29,837	-
Due to other governments	-	-	-	13,125	-	13,125	-
Accrued personnel liabilities	48,121	19,901	35,440	4,048	15,420	122,930	21,575
Unearned revenue - power cost overrecovery	850,722	-	-	-	-	850,722	-
Unearned revenue - other	285,861	-	-	-	-	285,861	-
Due to other funds	-	-	-	-	103,633	103,633	-
Compensated absences	65,973	64,404	57,509	1,838	26,898	216,622	24,510
Bonds and notes payable, current	746,000	196,257	739,196	352,588	71,791	2,105,832	-
Total current liabilities	<u>3,228,249</u>	<u>336,306</u>	<u>892,797</u>	<u>425,689</u>	<u>220,869</u>	<u>5,103,910</u>	<u>330,505</u>
Noncurrent liabilities:							
Liabilities payable from restricted assets:							
Interest payable	27,399	8,748	3,800	11,725	3,795	55,467	-
Customer deposits	754,531	106,827	203,105	100	56,081	1,120,644	-
Unearned revenue - rate stabilization	1,000,000	-	-	-	-	1,000,000	-
Compensated absences	153,930	150,278	134,187	4,286	62,762	505,443	57,188
Post employment obligation payable	60,503	53,444	56,104	6,592	35,150	211,793	31,635
Net pension liability	1,005,181	454,745	418,773	68,309	296,685	2,243,693	280,048
Bonds and notes payable, noncurrent portion	5,586,000	933,684	17,677,255	8,740,389	171,159	33,108,487	-
Total noncurrent liabilities	<u>8,587,544</u>	<u>1,707,726</u>	<u>18,493,224</u>	<u>8,831,401</u>	<u>625,632</u>	<u>38,245,527</u>	<u>368,871</u>
Total liabilities	<u>11,815,793</u>	<u>2,044,032</u>	<u>19,386,021</u>	<u>9,257,090</u>	<u>846,501</u>	<u>43,349,437</u>	<u>699,376</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	238,825	104,570	109,200	14,955	67,055	534,605	69,568
Deferred inflows related to OPEB	27,096	23,935	25,126	2,952	15,742	94,851	14,168
Total deferred inflows of resources	<u>265,921</u>	<u>128,505</u>	<u>134,326</u>	<u>17,907</u>	<u>82,797</u>	<u>629,456</u>	<u>83,736</u>
<b>NET POSITION</b>							
Net investment in capital assets	11,464,207	4,480,490	13,484,626	1,460,994	271,280	31,161,597	38,121
Restricted for:							
Debt retirement	186,202	80,370	34,509	220,693	-	521,774	-
Utility system improvements (expendable)	2,181,200	267,081	610,289	-	-	3,058,570	-
Unrestricted	1,410,285	1,207,922	3,929,232	1,983,050	(440,413)	8,090,076	115,295
Total net position	<u>\$ 15,241,894</u>	<u>\$ 6,035,863</u>	<u>\$ 18,058,656</u>	<u>\$ 3,664,737</u>	<u>\$ (169,133)</u>	<u>42,832,017</u>	<u>\$ 153,416</u>
Cumulative adjustment to reflect consolidation of internal service fund activities						153,416	
Net position, business-type activities						<u>\$ 42,985,433</u>	

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

For the year ended September 30, 2025

	Business Type Activities - Enterprise Funds					Total	Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds		
<b>OPERATING REVENUES:</b>							
Charges for services	\$ 15,429,652	\$ 2,644,796	\$ 3,931,715	\$ 1,525,739	\$ 1,036,564	\$ 24,568,466	\$ 3,002,750
Other operating revenues	-	-	-	105	-	105	-
Total operating revenues	15,429,652	2,644,796	3,931,715	1,525,844	1,036,564	24,568,571	3,002,750
<b>OPERATING EXPENSES:</b>							
Personnel services	1,894,251	905,413	1,364,460	125,354	646,254	4,935,732	722,503
Purchased power	9,393,960	-	-	-	-	9,393,960	-
Operating expenses	1,879,685	1,152,621	1,441,804	74,020	400,130	4,948,260	2,096,724
Depreciation	1,294,699	672,782	1,286,093	381,621	91,117	3,726,312	10,389
Total operating expenses	14,462,595	2,730,816	4,092,357	580,995	1,137,501	23,004,264	2,829,616
<b>OPERATING INCOME (LOSS)</b>	967,057	(86,020)	(160,642)	944,849	(100,937)	1,564,307	173,134
<b>NONOPERATING REVENUE (EXPENSE)</b>							
Investment income	187,221	40,198	35,096	170,927	17,547	450,989	770
Interest expense	(117,781)	(10,710)	(12,827)	(512,242)	(4,954)	(658,514)	-
Gain on disposal of property	31,152	-	2,236	-	18,015	51,403	-
Other, net	100,571	69,927	349,232	-	38,472	558,202	-
Total nonoperating revenues (expense)	201,163	99,415	373,737	(341,315)	69,080	402,080	770
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,168,220	13,395	213,095	603,534	(31,857)	1,966,387	173,904
<b>CAPITAL CONTRIBUTIONS</b>							
Capital grants and contributions	1,439,980	-	229,928	296,310	-	1,966,218	-
Impact fees	-	72,440	138,000	-	-	210,440	-
Total capital contributions	1,439,980	72,440	367,928	296,310	-	2,176,658	-
<b>TRANSFERS IN (OUT)</b>	(870,000)	(120,000)	(200,000)	-	-	(1,190,000)	-
<b>CHANGE IN NET POSITION</b>	1,738,200	(34,165)	381,023	899,844	(31,857)	2,953,045	173,904
<b>NET POSITION, beginning of year</b>	13,503,694	6,070,028	17,677,633	2,764,893	(137,276)	39,878,972	(20,488)
<b>NET POSITION, end of year</b>	\$ 15,241,894	\$ 6,035,863	\$ 18,058,656	\$ 3,664,737	\$ (169,133)	\$ 42,832,017	\$ 153,416
Change in enterprise funds' net position						\$ 2,953,045	
Adjustment to reflect consolidation of internal service fund activities						173,904	
Change in net position of business-type activities						\$ 3,126,949	

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Statement of Cash Flows – Proprietary Funds

For the year ended September 30, 2025

	Business Type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers	\$ 15,543,802	\$ 2,598,045	\$ 3,887,098	\$ 1,274,043	\$ 1,045,906	\$ 24,348,894	\$ 2,981,134
Payments to suppliers	(10,973,414)	(1,134,553)	(1,840,344)	(128,761)	(404,734)	(14,481,806)	(2,148,477)
Payments for salaries and benefits	(1,784,967)	(812,479)	(1,272,382)	(124,655)	(621,758)	(4,616,241)	(697,961)
Net cash flows from operating activities	2,785,421	651,013	774,372	1,020,627	19,414	5,250,847	134,696
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers to other funds, net of interfund borrowing activity	(870,000)	(120,000)	(249,005)	-	49,005	(1,190,000)	-
Increase (decrease) in deposits	41,714	8,060	2,050	(50)	3,900	55,674	-
Net cash flows from noncapital financing activities	(828,286)	(111,940)	(246,955)	(50)	52,905	(1,134,326)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Acquisition and construction of capital assets, net of related payables	(2,374,054)	(477,162)	(4,923,531)	(3,366,001)	(263,611)	(11,404,359)	-
Loan proceeds	-	326,400	4,514,176	295,000	263,611	5,399,187	-
Principal paid on notes, bonds and lease obligations	(733,000)	(176,471)	(13,078)	(348,023)	(76,104)	(1,346,676)	-
Interest paid on borrowings and other debt costs	(120,952)	(21,609)	(129,570)	(500,517)	(1,159)	(773,807)	-
Proceeds from the sale of assets	31,152	-	2,236	-	18,015	51,403	-
Capital contributions and impact fees received, net of change in related receivables	1,725,841	72,440	367,928	571,500	-	2,737,709	-
Net cash flows from capital and related financing activities	(1,471,013)	(276,402)	(181,839)	(3,348,041)	(59,248)	(5,336,543)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest on invested funds	229,498	40,198	35,096	170,927	17,547	493,266	770
Other income	100,571	69,927	349,232	-	38,472	558,202	-
Net cash flows from investing activities	330,069	110,125	384,328	170,927	56,019	1,051,468	770
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	816,191	372,796	729,906	(2,156,537)	69,090	(168,554)	135,466
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	2,931,518	1,615,740	4,309,609	6,815,197	-	15,672,064	602,074
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 3,747,709	\$ 1,988,536	\$ 5,039,515	\$ 4,658,660	\$ 69,090	\$ 15,503,510	\$ 737,540
<b>As shown in the Accompanying Financial Statements</b>							
Equity in cash and investments	\$ 3,534,108	\$ 1,899,418	\$ 5,001,206	\$ 1,743,141	\$ 69,090	\$ 12,246,963	\$ 737,540
Restricted equity in cash and investments	213,601	89,118	38,309	2,915,519	-	3,256,547	-
<b>Total cash and cash equivalents</b>	\$ 3,747,709	\$ 1,988,536	\$ 5,039,515	\$ 4,658,660	\$ 69,090	\$ 15,503,510	\$ 737,540

Continued...

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)**  
For the year ended September 30, 2025

	<b>Business Type Activities - Enterprise Funds</b>						<b>Business-type Activities - Internal Service Funds</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Stormwater Fund</b>	<b>Non-major Funds</b>	<b>Total</b>	
<b>Noncash financing and investing activities:</b>							
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 967,057	\$ (86,020)	\$ (160,642)	944,849	\$ (100,937)	\$ 1,564,307	\$ 173,134
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	1,294,699	672,782	1,286,093	381,621	91,117	3,726,312	10,389
(Increase) decrease in inventory and prepaids	(46,215)	3,760	12,158	-	-	(30,297)	(1,016)
(Increase) decrease in accounts receivable	(145,380)	(46,751)	(44,617)	(251,801)	9,342	(479,207)	(21,616)
Increase (decrease) in accounts payable	346,446	14,308	(410,698)	(19,491)	(4,604)	(74,039)	(50,737)
Increase (decrease) in accrued wages and compensated absences	132,630	104,166	94,172	3,105	35,546	369,619	29,717
(Increase) decrease in OPEB related deferred outflows	2,398	2,864	824	459	1,958	8,503	765
Increase (decrease) in the total OPEB liability	1,693	(336)	8,234	(660)	(2,937)	5,994	2,180
Increase (decrease) in OPEB related deferred inflows	(2,811)	(3,507)	537	(713)	(3,367)	(9,861)	(762)
(Increase) decrease in pension related deferred outflows	56,177	23,390	26,667	3,402	15,291	124,927	16,788
Increase (decrease) in the net pension liability	(183,919)	(76,577)	(87,305)	(11,139)	(50,063)	(409,003)	(54,962)
Increase (decrease) in pension related deferred inflows	103,116	42,934	48,949	6,245	28,068	229,312	30,816
Increase (decrease) in unearned revenue and other	259,530	-	-	(35,250)	-	224,280	-
Net cash flows from operating activities	<u>\$ 2,785,421</u>	<u>\$ 651,013</u>	<u>\$ 774,372</u>	<u>\$ 1,020,627</u>	<u>\$ 19,414</u>	<u>\$ 5,250,847</u>	<u>\$ 134,696</u>

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
Statement of Fiduciary Net Position – Fiduciary Funds  
September 30, 2025

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	<b>Police Pension Trust Fund</b>
<b>ASSETS</b>	
Investments, at fair value:	
Cash and short-term money market funds	96,868
Fixed income external investment pools	3,729,400
Equity securities external investment pools	7,301,390
Real estate investment pool	980,784
Total investments	<u>12,108,442</u>
Total assets	<u>12,108,442</u>
<b>NET POSITION</b>	
Restricted for pension benefits	<u><u>\$ 12,108,442</u></u>

See Accompanying Notes to Financial Statements

**CITY OF GREEN COVE SPRINGS, FLORIDA**

## Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2025

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	<b>Police Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 406,148
Plan members	19,077
State of Florida	194,880
Total contributions	<u>620,105</u>
Investment income	922,675
Less investment management fee	<u>(21,253)</u>
Net investment income	<u>901,422</u>
Total additions	<u>1,521,527</u>
<b>DEDUCTIONS</b>	
Administrative expenses:	21,558
Payments to retirees and participants	<u>77,785</u>
Total deductions	<u>99,343</u>
<b>CHANGE IN NET POSITION</b>	1,422,184
<b>NET POSITION, beginning of year</b>	<u>10,686,258</u>
<b>NET POSITION, end of year</b>	<u>\$ 12,108,442</u>

See Accompanying Notes to Financial Statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

The accompanying financial statements present the government and its component units, entities for which the government is financially accountable, as defined in GAAP. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City has one blended component unit as follows:

- City of Green Cove Springs Community Redevelopment Agency (the 'CRA') was established by City Ordinances O-24-2022 and O-15-2023 pursuant to Chapter 163, Florida Statutes. The CRA's board of commissioners consist of two members appointed by the Clay County Board of County Commissioners, two members appointed by the City and one at-large member appointed by the other four commissioners. The CRA is reported as a blended component unit because it almost exclusively benefits the City. It is accounted for as a special revenue fund, and separate financial statements are not issued.

**B. BASIS OF PRESENTATION**

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

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

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

Fund Financial Statements - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses.

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. The City's fiduciary funds are presented in the fund financial statements by type but as noted above are not included in the government-wide statements.

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

**Governmental Funds:**

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

**Reported as Major Funds:**

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

**Reported as Non-Major Governmental Funds:**

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

**Proprietary Funds:**

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

**Reported as Major Enterprise Funds:**

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

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

**Reported as Non-Major Enterprise Funds:**

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

**Fiduciary Funds:**

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

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

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

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

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

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

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

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

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

**CUSTOMER ACCOUNTS RECEIVABLE** - The City accrues unbilled service of its enterprise funds representing the estimated value of service from the last billing date to year-end, which totaled \$1,135,955 on September 30, 2025. A reserve for doubtful accounts is maintained in each fund equal to the value of the customer receivables that are not expected to be collected. As of September 30, 2025, reserves for doubtful accounts totaled \$237,899. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**COMPENSATED ABSENCES** – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Compensated absences are recognized as a liability to the extent the leave is attributable to services already rendered, accumulated, and is more than likely not to be paid or settled through time off or other means. In the government-wide and proprietary fund financial statements, a liability is recorded for compensated absences as these benefits are earned. In governmental fund financial statements, liabilities for compensated absences are recognized to the extent the amounts are due and payable at fiscal year-end, such as upon employee resignations, retirements, or other events that require payment of accumulated leave. The City uses a last-in, first-out (LIFO) flow assumption reflecting that employees use recently earned leave first.

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

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

**ON-BEHALF PAYMENTS FOR FRINGE BENEFITS** - The City receives on-behalf payments from the State of Florida to be used for police officers’ pension plan contributions which totaled \$194,880 for the fiscal year ended September 30, 2025. Such payments are recorded as tax revenue and public safety expenses/expenditures in the government-wide and general fund financial statements.

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

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

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

**EQUITY CLASSIFICATIONS -**

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

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

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

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

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

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

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

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

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

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

**LEASES -**

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

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

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

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

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

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

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

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

**SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) –**

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

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

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

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

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

**NOTE 2 - PROPERTY TAX CALENDAR**

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Council prior to October 1 of each year and the Clay County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2025 was 5.300.

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

**NOTE 3 - BUDGETARY LAW AND PRACTICE**

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

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

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

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

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

**NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- *Compliance with Finance Related Legal and Contractual Provisions* - the City had no material violations of finance related legal and contractual provisions.
- *Deficit Fund Balance or Net Position of Individual Funds* - As of September 30, 2025, the following funds reported a deficit fund balance or net position:
  - The sanitation enterprise fund reported a deficit total net position of \$169,133.
  - The disaster recovery special revenue fund reported a deficit total fund balance of \$103,722.
- *Excess of Expenditures Over Budget Appropriations in Individual Funds* - For the year ended September 30, 2025, no major governmental fund had an excess of expenditures over budgeted appropriations.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

<b>Equity in pooled cash and cash equivalents:</b>	
Cash on hand	\$ 800
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	9,003,330
Investments:	
FL PRIME local government investment pool	9,875,017
Total equity in pooled cash and cash equivalents	\$ 18,879,147

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

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

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

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

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

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

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

The City’s investment policy does not formally address the risks noted above. The City’s investments consisted of the following on September 30, 2025:

Investment Type	S&P Rating	Fair Value / Amortized Cost	Average Maturity Years
<b>Primary government</b>			
Investments measured at amortized cost and reported as a cash and cash equivalent:			
FL PRIME local government investment pool	AAAm	9,875,017	0.13
		\$ 9,875,017	

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

The City's investments have the following carrying values as of September 30, 2025, based on measurement criteria as specified:

	Carrying Value	Fair Value			Amortized Cost
		Level 1	Level 2	Level 3	
FL PRIME local government investment pool	9,875,017	-	-	-	9,875,017
Total investments	\$ 9,875,017	\$ -	\$ -	\$ -	\$ 9,875,017

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

**Police Officers' Retirement Trust Fund:**

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

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

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

<u>Asset Class</u>	<u>2025</u>
Cash and money market	\$ 96,868
FMIvT Broad Market High Quality Bond	1,937,351
FMIvT Core Plus	1,792,049
FMIvT Large Cap Diversified Equity	3,075,544
FMIvT Diversified Small to Mid Cap Equity	1,586,206
FMIvT International Equity	2,639,640
FMIvT Core Real Estate Portfolio	980,784
Total	<u>\$ 12,108,442</u>

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

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

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

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The police officers' pension plan policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company. On September 30, 2025, the investment portfolios met these limitations.

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

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. On September 30, 2025, the investment portfolio had no foreign fixed income investments.

**NOTE 5 - DEPOSITS AND INVESTMENTS** (concluded)

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

Investment Type	Fitch Rating	Fair Value	Average Maturity Years
Fixed income investments:			
FMLVT Core Plus Fixed Income Fund	Not Rated	\$ 1,792,049	5.76
FMLVT Broad Market High Quality Bond Fund	AAf/S4	1,937,351	7.10
Total fixed income investments		\$ 3,729,400	

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024	Transfers	Increases	Decreases	Balance September 30, 2025
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 8,015,952	\$ -	\$ -	\$ -	\$ 8,015,952
Construction in process	899,226	-	531,552	-	1,430,778
Total capital assets, not being depreciated	8,915,178	-	531,552	-	9,446,730
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	27,934,555	-	115,400	-	28,049,955
Machinery and equipment	5,324,866	(15,314)	331,955	(468,195)	5,173,312
Infrastructure	11,829,555	-	-	-	11,829,555
Subscription assets	193,314	-	-	-	193,314
Total capital assets, being depreciated	45,282,290	(15,314)	447,355	(468,195)	45,246,136
Less accumulated depreciation	(20,788,709)	15,314	(2,099,179)	468,195	(22,404,379)
Total capital assets being depreciated, net	24,493,581	-	(1,651,824)	-	22,841,757
Governmental activities capital assets, net	\$ 33,408,759	\$ -	\$ (1,120,272)	\$ -	\$ 32,288,487
<b>Business-type activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 227,136	\$ -	\$ -	\$ -	\$ 227,136
Construction-in-progress	20,563,791	-	5,057,427	(19,918,010)	5,703,208
Total capital assets, not being depreciated	20,790,927	-	5,057,427	(19,918,010)	5,930,344
<b>Capital assets, being depreciated:</b>					
Electric transmission and distribution plant	33,308,373	(18,494)	-	-	33,289,879
Water/wastewater treatment plant	16,919,515	(2)	18,731,908	-	35,651,421
Water/wastewater pumping and collection plant	20,215,217	(8,324)	35,376	-	20,242,269
General plant and equipment	13,368,321	26,820	7,079,882	(336,223)	20,138,800
Right to use leased equipment	562,487	-	-	-	562,487
Total capital assets, being depreciated	84,373,913	-	25,847,166	(336,223)	109,884,856
Less accumulated depreciation	(48,653,949)	-	(3,736,701)	336,223	(52,054,427)
Total capital assets being depreciated, net	35,719,964	-	22,110,465	-	57,830,429
Business-type activities capital assets, net	\$ 56,510,891	\$ -	\$ 27,167,892	\$ (19,918,010)	\$ 63,760,773

**NOTE 6 - CAPITAL ASSETS** (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	375,479
Public safety		249,929
Physical environment		387,975
Transportation		385,476
Culture/recreation		700,320
Total depreciation expense - governmental activities	\$	<u>2,099,179</u>

Business-type Activities:

Electric	\$	1,294,699
Water		672,782
Wastewater		1,286,093
Sanitation		91,117
Stormwater		381,621
Internal service		10,389
Total depreciation expense - business-type activities	\$	<u>3,736,701</u>

**NOTE 7 – LEASES**

**City as Lessor**—The City is the lessor in a lease agreement for community center facilities. A lease receivable and deferred inflow of resources were recorded for this lease.

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

For the year ended September 30, 2025, the City recognized \$34,627 in lease revenue and \$4,706 in interest revenue related to these leases. As of September 30, 2025, the City’s receivable for lease payments was \$222,024. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$216,419.

**City as Lessee** - In 2024, the City entered into a 120-month agreement as lessee for the acquisition and use of a sewer cleaning vehicle. The City is required to make semi-annual interest payments and annual principal payments with maturity on April 1, 2034. The City utilized the interest rate implicit in the lease agreement of 4.844% to determine the lease liability. The book value of this right-to-use asset as the end of the current fiscal year is \$539,050 and is being amortized on a straight-line basis over a 120-month term from the lease origination date (103 months remaining on September 30, 2025).

The future principal and interest lease payments as of September 30, 2025, were as follows:

Fiscal Year Ending	Business-type Activities	
	Principal	Interest
2026	\$ 49,000	\$ 25,068
2027	52,000	22,621
2028	54,000	20,054
2029	57,000	17,366
2030	60,000	14,532
2031-2035	270,000	26,884
Total	\$ 542,000	\$ 126,525

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

In 2024, the City entered into several SBITAs for subscription terms ranging from three to six years that conveys the right to the City to use certain information technology software. An initial subscription liability was recorded in the amount of \$193,314 during the year ended September 30, 2024. As of September 30, 2025, the subscription liability was \$104,921. The City is required to make annual principal and interest payments on the various SBITAs. The SBITAs did not contain an explicit interest rate so the City used the Federal Reserve bank prime loan rate as an estimate of their incremental borrowing rate at the date each SBITA was signed. The value of the subscription asset and accumulated amortization can be found in Note 6 and activity related to the subscription liability can be found in Note 9.

The future principal and interest lease payments as of September 30, 2025, were as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 37,847	\$ 10,413
2027	41,603	6,657
2028	25,471	2,528
Total	<u>\$ 104,921</u>	<u>\$ 19,598</u>

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**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Amounts Due within One Year
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
Series 2016A Sales Tax Revenue Note	\$ 313,000	\$ -	\$ (155,000)	\$ 158,000	\$ 158,000
Series 2016B Sales Tax Revenue Note	524,000	-	(70,000)	454,000	72,000
Installment notes payable - 2024	151,292	-	(37,655)	113,637	41,392
Total long-term debt	988,292	-	(262,655)	725,637	271,392
<b>Other liabilities:</b>					
Subscriptions payable	139,351	-	(34,430)	104,921	37,847
Other postemployment benefits	281,093	37,278	-	318,371	-
Net pension liability	2,936,740	-	(326,509)	2,610,231	-
Compensated absences	684,507	256,327	-	940,834	282,250
Total other liabilities	4,041,691	293,605	(360,939)	3,974,357	320,097
Total long-term obligations	\$ 5,029,983	\$ 293,605	\$ (623,594)	4,699,994	\$ 591,489
Less amounts due in one year				(591,489)	
Total noncurrent obligations due in more than one year				\$ 4,108,505	
<b>Business-type Activities:</b>					
<b>Long-term debt:</b>					
2020 Drinking Water SRF Loan	\$ 173,012	\$ -	\$ (23,472)	\$ 149,540	\$ 23,875
2019 Water System Revenue Note	807,000	-	(153,000)	654,000	157,000
2019 Wastewater SRF Loan	1,504,194	-	(89,916)	1,414,278	90,447
2021 Electric Utility Revenue Note	7,065,000	-	(733,000)	6,332,000	746,000
2016 Wastewater SRF Loan	29,804	-	(2,184)	27,620	2,235
2017 Wastewater SRF Loan	565,145	-	(37,467)	527,678	37,513
2020 Wastewater SRF Loan	11,932,702	2,669,176	-	14,601,878	522,054
2024 Stormwater revenue note	8,557,000	-	(244,000)	8,313,000	257,000
2025 Wastewater SRF Loan	-	2,171,400	-	2,171,400	102,329
Equipment Purchase Note, 2021	55,443	-	(27,429)	28,014	28,014
Equipment Purchase Note, 2025 - Sanitation	-	263,607	(48,674)	214,933	43,777
Equipment Purchase Note, 2025 - Stormwater	-	295,000	(57,022)	237,978	46,588
Total bonds and notes payable	30,689,300	5,399,183	(1,416,164)	34,672,319	2,056,832
<b>Other liabilities:</b>					
Leases payable	589,000	-	(47,000)	542,000	49,000
Other postemployment benefits	235,254	8,174	-	243,428	-
Net pension liability	2,987,706	-	(463,965)	2,523,741	-
Compensated absences	436,346	367,417	-	803,763	241,132
Total other liabilities	4,248,306	375,591	(510,965)	4,112,932	290,132
Total long-term liabilities	\$ 34,937,606	\$ 5,774,774	\$ (1,927,129)	38,785,251	\$ 2,346,964
Less amounts due in one year				(2,346,964)	
Net long-term liabilities in excess of one year				\$ 36,438,287	

**Notes to Long-Term Obligations Table**

Long term liabilities, including accumulated compensated absences are typically liquidated by the individual fund to which the liability is directly associated. For presentation purposes, the compensated absences amounts reflected in the long-term obligations schedule are reported net, such that separate additions and deletions during the year are not shown.

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

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

**Interest Included as Direct Expense:**

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

**Governmental Activities:**

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

**Business-Type Activities:**

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

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

- \$13,733,665 - 2020 Wastewater SRF Loan, issued to finance improvements to the City's wastewater system. The loan is payable in semiannual installments of \$261,027, including interest at 0.00%, beginning March 15, 2026, and continuing until the obligation is fully repaid. Repayment is secured by and payable from the net revenues of the City's wastewater utility system. The loan also includes principal forgiveness of \$4,452,835, which will be applied against the outstanding principal balance upon the first debt service payment due on March 15, 2026. The total loan amount available is \$18,186,500 of which \$14,601,878 had been drawn as of September 30, 2025.
- \$2,171,400 - 2025 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$123,029 (including interest of 2.00%) beginning on April 15, 2026 until all amounts due have been fully paid. This loan is payable from and secured by the net revenues of the City's wastewater utility system.
- \$255,600 - 2021 Note for financed equipment purchases. Payable in semiannual installments of \$28,588 (including interest of 3.25%) beginning April 22, 2021 through October 22, 2025.
- \$263,607 – Equipment Purchase Note, 2025 - Sanitation. Payable in semiannual installments of \$28,588 (including interest of 3.25%) beginning April 22, 2021 through October 22, 2025.
- \$295,000 - Equipment Purchase Note, 2025 - Stormwater. Payable in semiannual installments of \$28,588 (including interest of 3.25%) beginning April 22, 2021 through October 22, 2025.
- \$8,557,000 – 2024 Stormwater Revenue Note, for improvements to the City's stormwater system. The note requires semi-annual interest payments at 5.50% per annum and varying annual principal payments with maturity on April 1, 2044. This note is payable from and secured by the City's stormwater assessments.

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

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

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

**Maturities:**

Annual requirements to repay all long-term debt as of September 30, 2025, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 271,392	\$ 23,020	\$ 2,056,832	\$ 635,012
2027	118,500	15,360	2,164,759	621,825
2028	101,745	9,179	2,206,041	579,927
2029	76,000	4,838	2,251,683	534,083
2030	78,000	3,116	2,099,406	490,062
2031-2035	80,000	1,350	8,847,901	1,853,660
2036-2040	-	-	5,752,630	1,073,345
2041-2045	-	-	4,840,232	290,776
Principal forgiveness grant	-	-	4,452,835	-
<b>Total</b>	<b>\$ 725,637</b>	<b>\$ 56,863</b>	<b>\$ 34,672,319</b>	<b>\$ 6,078,690</b>

**Pledged Revenues:**

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

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water system net revenues	6/15/2040	\$ 1,207,584	\$ 198,602	\$ 769,328	387.37%
Sewer system net revenues	3/15/2045	18,703,494	142,648	1,647,780	1155.14%
Electric system net revenues	7/1/2033	6,829,422	853,953	3,664,781	429.15%
Sales tax and communication services tax	7/1/2031	647,760	240,871	1,184,681	491.83%
Stormwater assessments	4/1/2044	13,461,865	714,350	1,497,398	209.62%

**NOTE 10 – INTERFUND TRANSACTIONS**

Interfund transfers in (out) for the year ending September 30, 2025 consisted of the annual budgeted reallocation of resources as follows:

	<b>Transfer In:</b>				<b>Total</b>
	General	General Capital	Federal	Spring Park	
	Fund	Improvement	Forfeiture	Capital Improvement	
<b>Transfers Out:</b>					
Electric fund	\$ 870,000	\$ -	\$ -	\$ -	\$ 870,000
Water fund	120,000	-	-	-	120,000
Sewer fund	200,000	-	-	-	200,000
Federal forfeiture fund	6,472	-	-	-	6,472
General Fund	<u>-</u>	<u>159,474</u>	<u>168,019</u>	<u>81,396</u>	<u>408,889</u>
Total	<u>\$ 1,196,472</u>	<u>\$ 159,474</u>	<u>\$ 168,019</u>	<u>\$ 81,396</u>	<u>\$ 1,605,361</u>

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

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

Interfund receivables and payables as of September 30, 2025 consisted of the following:

	<b>Payable fund</b>	
	General Fund	Sanitation Fund
Receivable fund		
General fund	\$ -	\$ 54,628
Electric fund	745,000	-
Sewer fund	-	49,005
Total	<u>\$ 745,000</u>	<u>\$ 103,633</u>

**NOTE 11 – PENSION PLANS**

**FLORIDA RETIREMENT SYSTEM:**

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

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

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

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

**NOTE 11 – PENSION PLANS** (cont...)

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

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

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

*Contributions* - The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect on September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Class	Through June 30, 2025	After June 30, 2025
Regular Class	16.63%	17.03%
Elected Officials	61.68%	57.57%
Senior Management	37.52%	36.24%
DROP Participants	21.13%	22.02%

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

For the fiscal year ended September 30, 2025, actual contributions made for employees participating in FRS and HIS were \$651,802 for FRS and \$128,593 for HIS.

*Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions* - On September 30, 2025, the City reported a liability of \$5,133,972 for its proportionate share of the net pension liability, \$3,338,049 related to FRS and \$1,795,923 to HIS. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. On June 30, 2025 and June 30, 2024, the City’s FRS proportion was 0.01075571% and 0.01012459%, respectively.

On June 30, 2025 and June 30, 2024, the City’s HIS proportion was 0.014011551% and 0.013384326%, respectively.

For the year ended September 30, 2025, the City’s recognized pension expense of \$519,095 from FRS and \$155,461 from HIS, for a total of \$674,556.

**NOTE 11 – PENSION PLANS** (cont...)

*Deferred outflows/inflows related to pensions:* On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 356,539	\$ -	\$ 10,720	\$ 2,849
Change in assumptions	387,634	-	15,896	434,388
Difference between projected and actual investment plan	-	557,321	-	1,495
Change in City's proportionate share	381,426	136,171	350,671	-
Contributions subsequent to the measurement date	178,605	-	34,433	-
	<u>\$ 1,304,204</u>	<u>\$ 693,492</u>	<u>\$ 411,720</u>	<u>\$ 438,732</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year ending September 30,	FRS	HIS	Total
2026	\$ 672,171	\$ 22,055	\$ 694,226
2027	(15,581)	(12,402)	(27,983)
2028	(128,078)	(16,957)	(145,035)
2029	(96,405)	(27,356)	(123,761)
2030	-	(26,785)	(26,785)
	<u>\$ 432,107</u>	<u>\$ (61,445)</u>	<u>\$ 370,662</u>

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS and HIS was completed for the period July 1, 2018, through June 30, 2023.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans are assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is the same as the prior year. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details.

**NOTE 11 – PENSION PLANS** (cont...)

*Long-term expected rate of return - FRS* To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward- looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.20%	1.10%
Fixed Income	29.00%	5.50%	5.40%	4.00%
Global Equity	45.00%	8.50%	6.90%	18.30%
Real Estate (Property)	12.00%	8.40%	7.10%	16.80%
Private Equity	11.00%	12.40%	8.80%	28.40%
Strategic Investment	2.00%	6.50%	6.10%	8.70%
<b>Total</b>	<b>100.00%</b>			
Assumed Inflation Mean			2.40%	1.50%

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

	Current Discount Rate	Net Pension Liability at Measurement Date		
		1% Decrease	Current Discount	1% Increase
FRS	6.70%	\$ 6,550,867	\$ 3,338,047	\$ 644,466
HIS	5.20%	2,025,192	1,795,925	1,603,639
City's Net Pension Liability		\$ 8,576,059	\$ 5,133,972	\$ 2,248,105

**NOTE 11 – PENSION PLANS** (cont...)

**POLICE OFFICERS’ PENSION PLAN:**

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

*Benefits Provided and Employees Covered* - The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. No cost-of-living adjustments are provided to retirees and beneficiaries. The Plan’s Board of Trustees has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of every other year. Current membership in the Plan was composed of the following at October 1, 2024:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	33
Active plan members	<u>26</u>
Total	<u><u>63</u></u>

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

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

*Contributions* - The participant contribution rates for the Plan are established by and may be amended by the City Council. Employees covered under the Plan are required to make contributions of 1% of their compensation. The City’s annual required contribution for the current year was determined as part of the October 1, 2024 actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to contribute a payment which represents annual normal cost-plus amortization of the unfunded actuarial accrued liability over various periods as prescribed by law. The City’s contributions (and if applicable, any liquidations of a net pension liability) to the Plan are funded by the General Fund.

**NOTE 11 – PENSION PLANS (cont...)**

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

Contributions to the Plan for the year ended September 30, 2025, were as follows:

	Police Officers' Pension Trust Fund
Contribution rates:	
City and State	31.9%
Plan members	1.0%
Actuarially determined contribution	\$ 597,117
Contributions made in relation to the actuarially determined contribution	\$ 520,898

*Net Pension Liability* – The components of the changes in the net pension liability for the year ended September 30, 2025 are shown below. The net pension liability as of September 30, 2025 for financial reporting purposes was determined by actuarial valuations as of October 1, 2024 updated to September 30, 2025 (the measurement date).

Total pension liability	\$ 10,163,234
Adjusted plan fiduciary net position (*)	<u>(11,830,132)</u>
Net pension liability (asset)	<u>\$ (1,666,898)</u>

Plan fiduciary net position as a percentage of the total pension liability 116%

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

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2024, with a measurement date of September 30, 2025, using the following actuarial assumptions to all measurement periods.

Inflation	2.62%
Projected salary increases	Service Based
Investment rate of return	6.75%
Discount rate	6.75%
Date of actuarial experience study	June 15, 2020

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

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

**NOTE 11 – PENSION PLANS (cont...)**

Best estimates of arithmetic real rates of return for each major class included in the pension plan’s target asset allocation as of September 30, 2025, are summarized in the following table:

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

*Discount rate* - The discount rate used to measure the total pension liability for the pension plan was 6.75%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending 9/30/2024	\$ 8,870,812	\$ 10,499,819	\$ (1,629,007)
Changes for the year:			
Service cost	551,987	-	551,987
Interest	627,922	-	627,922
Difference between actual and expected experience	(160,911)	-	(160,911)
Share Plan allocation	-	(91,870)	91,870
Changes of assumptions	350,192	-	350,192
Contributions - City and State	-	601,028	(601,028)
Contributions - employee	-	19,077	(19,077)
Net investment income	-	901,422	(901,422)
Benefit payments, including refunds of employee contributions	(76,768)	(77,785)	1,017
Administrative expense	-	(21,559)	21,559
Net changes	1,292,422	1,330,313	(37,891)
Reporting period ending 9/30/2025	\$ 10,163,234	\$ 11,830,132	\$ (1,666,898)

*Investments and Money-weighted Rate of Return* - The Plans’ investment policy and information related to concentrations and custodial and credit risk is discussed in Note 5 to the financial statements. For the year ended September 30, 2025, the net money-weighted rate of return, adjusted for the changing amounts actually invested, for the police officers’ pension plan was as 8.50%.

**NOTE 11 – PENSION PLANS (cont...)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the City as of the measurement date (September 30, 2025), calculated using the current discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of September, 9/30/2025	Current Discount Rate	1% Decrease	Current Rate	1% Increase
	6.75%	\$ (58,646)	\$ (1,666,898)	\$ (2,963,985)

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension* - For the year ended September 30, 2025, the City recognized pension expense of \$381,351 related to the police officers' pension plan. On September 30, 2025, the City reported deferred outflows and deferred inflows of resources related to the police officers' pension plan as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 367,175	\$ 896,459
Change in assumptions	510,566	52,404
Net difference between projected and actual earnings on Plan investments	-	507,953
Total	\$ 877,741	\$ 1,456,816

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

Year ending September 30,	Amount
2026	\$ 66,769
2027	(317,195)
2028	(296,538)
2029	(78,187)
2030	(30,738)
Thereafter	76,814
	\$ (579,075)

A summary of pension related elements and annual pension expense for the City's participation in FRS, HIS and as sponsor of the police officers' pension plan as of, and for the year ended September 30, 2025 were as follows:

	Police Officers'	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 877,741	\$ 1,304,204	\$ 411,720	\$ 2,593,665
Net pension liability (asset)	(1,666,898)	3,338,047	1,795,925	3,467,074
Deferred inflows of resources related to pensions	1,456,816	693,492	438,732	2,589,040
Pension expense (benefit)	381,351	519,095	155,461	1,055,907

**NOTE 12 - OTHER POST EMPLOYMENT BENEFITS PLAN**

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

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

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

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

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

**Total OPEB liability** – The City’s total OPEB liability was measured as of September 30, 2025 and was determined by an actuarial valuation as of September 30, 2023 updated to the measurement date.

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

Inflation	2.50%
Salary inflation	2.50%
Discount rate	4.50%
Investment rate of return	0.00%
Healthcare cost trend rates	7.00% in 2024, grading down to the ultimate trend rate of 4.00% in 2075.

Mortality rates were based on the Pub-2010 mortality tables for males or females, as appropriate, with adjustment for mortality improvements based on Scale MP-2021.

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

Discount rate – The discount rate was based on a high-quality municipal bond rate of 4.50%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2024</b>	\$ 516,347
<b>Changes for the year:</b>	
Service cost	63,178
Interest	23,165
Changes of assumptions	(22,770)
Benefit payments	(18,121)
<b>Net changes</b>	45,452
<b>Reporting period ending September 30, 2025</b>	\$ 561,799

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

	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$ 614,965	\$ 561,799	\$ 513,563

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

	1% Decrease (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Total OPEB liability	\$ 488,493	\$ 561,799	\$ 649,819

**NOTE 12 - OTHER POST EMPLOYMENT BENEFITS PLAN** (concluded)

**OPEB expenses and deferred outflows of resources related to OPEB** – For the year ended September 30, 2025, the City recognized OPEB expense of \$68,871. On September 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 137,769	\$ 109,191
Differences between expected and actual experience	-	142,409
Total	<u>\$ 137,769</u>	<u>\$ 251,600</u>

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

Year ended September 30,	Amount
2026	\$ (19,222)
2027	(19,222)
2028	(19,222)
2029	(19,222)
2030	(19,222)
Thereafter	(17,721)
Total	<u>\$ (113,831)</u>

**NOTE 13 – SELF-INSURANCE PROGRAM**

The City is exposed to risks for losses related to health and other medical benefits it provides to its employees. A self-insurance program was created October 1, 2020 to handle these risks. The Self Insurance was established to account for medical insurance claims of City employees and their covered dependents. Commercial insurance for specific loss claims in excess of \$75,000 is provided by Gerber Life Insurance at an aggregate monthly factor per participating employee based on their election. The City has a minimum aggregate deductible of approximately \$915,000 and a maximum aggregate benefit of \$1,000,000 in excess of the minimum aggregate deductible. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. All claims are handled by Preferred Benefit Administrators, the third-party administrator. All funds of the City which carry employees participate in the program and make payments to the Self-Insurance internal service fund based on estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2025, the City reported a liability of \$284,030 in the self-insurance internal service fund to account for actual claims and those incurred but not reported Claims (IBNR).

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

Changes in the claims liability amount for the year-ended September 30, 2025 were:

	2025
Prepaid claims as previously reported, October 1	\$ 330,069
Claims and changes in estimates	2,098,603
Claims payments	<u>(1,814,573)</u>
Claims liability balance, September 30	<u>\$ 284,030</u>

**NOTE 14 – POWER SUPPLY AGREEMENTS**

**General** - The City currently purchases all of its power requirements from the Florida Municipal Power Agency (FMPA) under an “All Requirements Contracts” (see below). FMPA, a legal entity organized in 1978 and existing under the laws of the State of Florida, as of September 30, 2025, FMPA has 33 members, including the City. One of FMPA’s responsibilities is to develop electric projects and offer participation therein to its members. Its members individually determine in which project or projects they wish to participate. FMPA is governed by a Board of Directors on which the City is represented. The City, by agreement, has no equity interest in any of the assets owned by FMPA, or any obligation for liabilities of the Agency. FMPA does not constitute a joint venture nor does it meet the criteria for inclusion in the City’s reporting entity.

**St. Lucie Project** - In May 1983, FMPA issued \$290,000,000 St. Lucie Project Revenue Bonds, Series 1983 (Series 1983) in order to purchase an 8.806% undivided ownership interest in Florida Power and Light Company’s (FP&L) St. Lucie Unit No. 2. In March 1986, FMPA issued \$284,810,000 in St. Lucie Project Refunding Revenue Bonds, Series 1986, to advance refund \$250,910,000 of the outstanding Series 1983 bonds in a legal defeasance of that portion of the Series 1983 bonds. In July 1992, FMPA issued \$326,090,000 St. Lucie Project Refunding Revenue Bonds, Series 1992 (Series 1992), to advance refund in the prior two issues. In 2000 and 2002, FMPA issued two additional refunding bonds to partially refund the 1992 issue. In addition, FMPA has issued several additional bonds. The 2000 and 2002 bonds were variable rate bonds and were retired in December 2018. The 2009A bonds were retired in October, 2019. On September 1, 2021, the St. Lucie Project issued the 2021A bonds with a face amount of \$14.8 million at a premium and used the \$18.6 million along with other project funds to refund the St. 2011B bonds with a face value of \$24.3 million and pay closing costs. At September 30, 2025, the total outstanding amount related to the St. Lucie Project is \$52,380,000. The City is contingently liable for 1.757% of the total amount of outstanding debt at September 30, 2025. Pursuant to a power sales contract and a project support contract with FMPA, the City acquired an entitlement share of 1.757% (approximately 1.241MW) of FMPA’s 8.806% interest in St. Lucie No. 2. Payments are required by the City whether or not the St. Lucie Project is operable or operating and are due each month based upon a budget prepared by FMPA, adjusted annually. Total costs under this contract during 2025 were \$635,960.

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

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

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

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

Power rates are determined by the Board, subject to the approval of the project participants, but must be sufficient to meet FMPA's revenue requirements. Charges to the City are payable solely from electric utility revenues and in no way can FMPA compel the City to exercise its taxing power. Total costs under this contract during 2025 were approximately \$8,758,000.

**NOTE 15 – RISK MANAGEMENT**

**INSURANCE** - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property damages for which there has been no significant reduction in coverages, nor have settlement amounts exceeded the City's coverages during the year ended September 30, 2025 or the previous two years. All of the City's insurance is from commercial carriers and there is no self-insurance other than for medical insurance claims of City employees and their covered dependents which was discussed previously in Note 13.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

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

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

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

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

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

**NOTE 17 – CHANGES IN FINANCIAL REPORTING ENTITY**

For the fiscal year ended September 30, 2025, the City's Community Redevelopment Agency commenced operations and is reported as a blended component unit, accounted for as a major special revenue fund. See Note 1, Reporting Entity, for additional information.

**NOTE 18 – NEW ACCOUNTING PRONOUNCEMENT**

In fiscal year 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which establishes updated recognition and measurement guidance for compensated absences. Implementation of this statement had no effect on beginning net position, fund balance, or prior-year reported amounts; accordingly, no restatement was required.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
 Budgetary Comparison Schedule – General Fund  
 For the year ended September 30, 2025

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>RESOURCES:</b>				
Taxes	\$ 4,998,517	\$ 4,998,517	\$ 5,276,149	\$ 277,632
Licenses and permits	112,000	112,000	146,535	34,535
Intergovernmental revenue	5,847,909	5,847,909	3,625,819	(2,222,090)
Charges for services	99,726	99,726	148,830	49,104
Fines and forfeitures	848,644	837,892	815,153	(22,739)
Investment income (loss), net	73,365	73,365	94,590	21,225
Other	652,342	673,395	749,491	76,096
Total revenues	<u>12,632,503</u>	<u>12,642,804</u>	<u>10,856,567</u>	<u>(1,786,237)</u>
<b>CHARGES TO APPROPRIATIONS:</b>				
Current:				
General government:	2,248,008	2,190,991	2,440,040	(249,049)
Public safety:	4,449,176	4,456,542	5,035,794	(579,252)
Physical environment:	257,651	257,651	267,011	(9,360)
Transportation	1,374,182	1,379,736	1,407,662	(27,926)
Culture/recreation:	840,394	790,394	1,054,542	(264,148)
Capital outlay	4,412,222	4,852,879	956,461	3,896,418
Debt service	-	-	100,930	(100,930)
Total expenditures	<u>13,581,633</u>	<u>13,928,193</u>	<u>11,262,440</u>	<u>2,665,753</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER(UNDER) EXPENDITURES</b>	<u>(949,130)</u>	<u>(1,285,389)</u>	<u>(405,873)</u>	<u>879,516</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,190,000	1,190,000	1,196,472	6,472
Transfers (out)	(240,870)	(408,890)	(408,889)	1
Total other financing sources (uses)	<u>949,130</u>	<u>781,110</u>	<u>787,583</u>	<u>6,473</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (504,279)</u>	<u>\$ 381,710</u>	<u>\$ 885,989</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

City reporting period date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
<b>Total pension liability</b>					
Service cost	\$ 551,987	\$ 482,209	\$ 434,366	\$ 378,703	\$ 371,283
Interest	627,922	567,060	484,372	448,267	426,875
Difference between expected and actual experience	(160,911)	205,613	291,218	(269,668)	(314,632)
Change of assumptions	350,193	-	-	-	(111,290)
Benefit payments, including refunds of employee contributions	(76,768)	(76,972)	(70,559)	(70,330)	(60,588)
Net change in total pension liability	1,292,423	1,177,910	1,139,397	486,972	311,648
Total pension liability, beginning	8,870,811	7,692,901	6,553,504	6,066,532	5,754,884
Total pension liability, ending (a)	<u>\$ 10,163,234</u>	<u>\$ 8,870,811</u>	<u>\$ 7,692,901</u>	<u>\$ 6,553,504</u>	<u>\$ 6,066,532</u>
<b>Plan fiduciary net position</b>					
Contributions - City	\$ 406,148	\$ 389,127	\$ 352,955	\$ 208,408	\$ 162,106
Contributions - State of Florida	194,880	179,306	110,299	145,216	135,826
Contributions - Employee	19,077	18,847	15,574	14,360	13,046
Net investment income (loss)	901,422	1,695,323	622,570	(1,106,002)	1,308,368
Benefit payments, including refunds of employee contributions	(77,785)	(78,170)	(70,559)	(70,330)	(60,588)
Administrative expenses	(21,558)	(19,103)	(18,569)	(36,250)	(30,590)
Allocation to share plan (*)	(91,870)	(81,329)	-	-	-
Net change in plan fiduciary net position	1,330,314	2,104,001	1,012,270	(844,598)	1,528,168
Plan fiduciary net position, beginning	10,499,818	8,395,817	7,383,547	8,228,145	6,699,977
Plan fiduciary net position, ending (b)	<u>\$ 11,830,132</u>	<u>\$ 10,499,818</u>	<u>\$ 8,395,817</u>	<u>\$ 7,383,547</u>	<u>\$ 8,228,145</u>
Net pension liability (asset) (a)-(b)	<u>\$ (1,666,898)</u>	<u>\$ (1,629,007)</u>	<u>\$ (702,916)</u>	<u>\$ (830,043)</u>	<u>\$ (2,161,613)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	116.40%	118.36%	109.14%	112.67%	135.63%
<b>Covered payroll</b>	\$ 1,632,107	\$ 1,488,370	\$ 1,378,416	\$ 1,234,144	\$ 1,244,041
<b>Net pension liability as a percentage of covered payroll</b>	-102.13%	-109.45%	-50.99%	-67.26%	-173.76%
<b>Annual Money-Weighted Rate of Return</b>	8.50%	19.70%	8.36%	-14.17%	17.53%

Continued...

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

City reporting period date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
<b>Total pension liability</b>					
Service cost	\$ 383,393	\$ 300,036	\$ 299,380	\$ 219,094	\$ 219,094
Interest	433,108	390,380	311,403	274,502	215,822
Difference between expected and actual experience	(844,678)	-	183,242	-	(136,512)
Change of assumptions	-	-	228,664	-	557,241
Benefit payments, including refunds of employee contributions	(49,044)	(36,019)	(19,638)	(41,910)	(19,062)
Net change in total pension liability	(77,221)	654,397	1,003,051	451,686	836,583
Total pension liability, beginning	5,832,105	5,177,708	4,174,657	3,722,971	2,886,388
Total pension liability, ending (a)	<u>\$ 5,754,884</u>	<u>\$ 5,832,105</u>	<u>\$ 5,177,708</u>	<u>\$ 4,174,657</u>	<u>\$ 3,722,971</u>
<b>Plan fiduciary net position</b>					
Contributions - City	\$ 233,214	\$ 236,391	\$ 199,431	\$ 181,998	\$ 141,437
Contributions - State of Florida	120,254	121,585	102,575	93,609	85,340
Contributions - Employee	12,201	11,902	10,065	10,155	8,475
Net investment income (loss)	405,005	302,608	362,248	545,018	291,007
Benefit payments, including refunds of employee contributions	(49,044)	(36,019)	(19,638)	(19,348)	(19,062)
Administrative expenses	(31,894)	(21,148)	(30,900)	(15,546)	(27,174)
Allocation to share plan	-	-	-	-	-
Net change in plan fiduciary net position	689,736	615,319	623,781	795,886	480,023
Plan fiduciary net position, beginning	6,010,241	5,394,922	4,771,141	3,975,255	3,495,232
Plan fiduciary net position, ending (b)	<u>\$ 6,699,977</u>	<u>\$ 6,010,241</u>	<u>\$ 5,394,922</u>	<u>\$ 4,771,141</u>	<u>\$ 3,975,255</u>
Net pension liability (asset) (a)-(b)	<u>\$ (945,093)</u>	<u>\$ (178,136)</u>	<u>\$ (217,214)</u>	<u>\$ (596,484)</u>	<u>\$ (252,284)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	116.42%	103.05%	104.20%	114.29%	106.78%
<b>Covered payroll</b>	\$ 1,257,127	\$ 1,014,137	\$ 1,014,137	\$ 1,015,500	\$ 795,911
<b>Net pension liability as a percentage of covered payroll</b>	-75.18%	-17.57%	-21.42%	-58.74%	-31.70%
<b>Annual Money-Weighted Rate of Return</b>	6.37%	5.45%	7.39%	13.29%	8.11%

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Schedule of Contributions – Police Officers’ Pension Plan

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 597,117	\$ 520,898	\$ (76,219)	\$ 1,632,107	31.92%
2024	\$ 548,250	\$ 504,530	\$ (43,720)	\$ 1,488,370	33.90%
2023	\$ 460,049	\$ 466,177	\$ 6,128	\$ 1,378,416	33.82%
2022	\$ 305,715	\$ 353,624	\$ 47,909	\$ 1,234,144	28.65%
2021	\$ 260,971	\$ 297,932	\$ 36,961	\$ 1,244,041	23.95%
2020	\$ 303,449	\$ 353,468	\$ 50,019	\$ 1,257,127	28.12%
2019	\$ 357,671	\$ 357,976	\$ 305	\$ 1,014,137	35.30%
2018	\$ 302,438	\$ 302,006	\$ (432)	\$ 1,014,137	29.78%
2017	\$ 276,827	\$ 275,607	\$ (1,220)	\$ 1,015,500	27.14%
2016	\$ 230,927	\$ 226,777	\$ (4,150)	\$ 795,911	28.49%

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

- Valuation Date: October 1, 2024 for fiscal year 2025 contributions.
- Asset Valuation Method: The actuarial value of assets is equal to the market value of the assets, adjusted to reflect a five-year phase-in of the unexpected investment gains and losses.
- Salary Increases: 4.00% per year.
- Investment Rate of Return: 6.75% per year.
- Payroll Growth: None
- Retirement age: Normal: Assumed to occur at the most valuable retirement age.
- Disability and termination: None is assumed.
- Mortality: Mortality rates were based on the Pub-2010 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale MP-2018. (previous mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB).

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.01075571%	0.01012459%	0.01081137%	0.00994116%	0.00865328%
City's proportionate share of the net pension liability (asset)	\$ 3,338,049	\$ 3,916,666	\$ 4,307,991	\$ 3,698,909	\$ 653,657
City's covered payroll	\$ 6,429,650	\$ 5,866,800	\$ 5,287,278	\$ 4,093,252	\$ 3,405,027
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.92%	66.76%	81.48%	90.37%	19.20%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.00816973%	0.00708228%	0.00779690%	0.007345438%	0.008451778%
City's proportionate share of the net pension liability (asset)	\$ 3,540,879	\$ 2,439,038	\$ 2,348,466	\$ 2,172,731	\$ 2,134,081
City's covered payroll	\$ 3,279,119	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	107.98%	87.68%	91.60%	93.24%	85.89%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Schedule of Contributions – Florida Retirement System Pension Plan

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually required contribution	\$ 651,802	\$ 603,011	\$ 546,631	\$ 415,031	\$ 378,964
Contributions in relation to the contractually required contribution	<u>(651,802)</u>	<u>(603,011)</u>	<u>(546,631)</u>	<u>(415,031)</u>	<u>(378,964)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$ 6,429,650	\$ 5,866,800	\$ 5,287,278	\$ 3,994,236	\$ 3,777,880
Contributions as a percentage of covered payroll	10.14%	10.28%	10.34%	10.39%	10.03%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$ 271,444	\$ 219,602	\$ 222,205	\$ 207,762	\$ 206,110
Contributions in relation to the contractually required contribution	<u>(271,444)</u>	<u>(219,602)</u>	<u>(222,205)</u>	<u>(207,762)</u>	<u>(206,110)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$ 3,279,119	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644
Contributions as a percentage of covered payroll	8.28%	7.89%	8.67%	8.92%	8.30%

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.014011551%	0.013384326%	0.012588572%	0.011229509%	0.009616089%
City's proportionate share of the net pension liability (asset)	\$ 1,795,923	\$ 2,007,780	\$ 1,999,233	\$ 1,189,384	\$ 1,179,558
City's covered payroll	\$ 6,429,650	\$ 5,866,800	\$ 5,287,278	\$ 4,093,252	\$ 3,405,027
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.93%	34.22%	37.81%	29.06%	34.64%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.009446086%	0.008316186%	0.007848355%	0.007194699%	0.00843652%
City's proportionate share of the net pension liability (asset)	\$ 1,153,352	\$ 930,498	\$ 830,679	\$ 769,290	\$ 983,242
City's covered payroll	\$ 3,279,119	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.17%	33.45%	32.40%	33.01%	39.57%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Schedule of Contributions – Health Insurance Subsidy Pension Plan

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 128,593	\$ 117,336	\$ 92,263	\$ 66,304	\$ 62,713
Contributions in relation to the contractually required contribution	<u>(128,593)</u>	<u>(117,336)</u>	<u>(92,263)</u>	<u>(66,304)</u>	<u>(62,713)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$6,429,650	\$5,866,800	\$5,287,278	\$3,994,236	\$3,777,880
Contributions as a percentage of covered payroll	2.00%	2.00%	1.75%	1.66%	1.66%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 54,433	\$ 46,179	\$ 42,562	\$ 38,681	\$ 43,243
Contributions in relation to the contractually required contribution	<u>(54,433)</u>	<u>(46,179)</u>	<u>(42,562)</u>	<u>(38,681)</u>	<u>(43,243)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Green Cove Springs, Florida's covered payroll	\$3,279,119	\$2,781,866	\$2,563,966	\$2,330,206	\$2,484,644
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Schedule of Changes in the Total OPEB Liability and Related Ratios

Reporting date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022
<b>Total OPEB Liability</b>				
Service cost	\$ 63,178	\$ 37,968	\$ 40,575	\$ 77,103
Interest	23,165	16,445	20,800	13,577
Differences between expected and actual experience	-	(130,698)	-	(59,126)
Changes in assumptions	(22,770)	168,386	(5,086)	(141,556)
Benefit payments	(18,121)	(12,203)	(30,320)	(40,303)
<b>Net change in total OPEB Liability</b>	45,452	79,898	25,969	(150,305)
<b>Total OPEB Liability - beginning</b>	516,347	436,449	410,480	560,785
<b>Total OPEB Liability - ending</b>	<u>\$ 561,799</u>	<u>\$ 516,347</u>	<u>\$ 436,449</u>	<u>\$ 410,480</u>
<b>Covered-employee payroll</b>	\$ 5,376,332	\$ 5,245,202	\$ 5,134,875	\$ 5,009,634
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	10.45%	9.84%	8.50%	8.19%
<b>Assumption changes</b>				
Discount rate	4.50%	4.06%	4.87%	4.77%

Continued...

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

Reporting date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>				
Service cost	\$ 56,633	\$ 52,822	\$ 35,852	\$ 37,406
Interest	12,530	19,054	21,485	19,120
Differences between expected and actual experience	-	(47,916)	-	-
Changes in assumptions	(18,956)	14,787	31,216	(27,170)
Benefit payments	(36,436)	(37,802)	(40,776)	(37,495)
<b>Net change in total OPEB Liability</b>	13,771	945	47,777	(8,139)
<b>Total OPEB Liability - beginning (*)</b>	547,014	546,069	498,292	506,431
<b>Total OPEB Liability - ending</b>	<u>\$ 560,785</u>	<u>\$ 547,014</u>	<u>\$ 546,069</u>	<u>\$ 498,292</u>
<b>Covered-employee payroll</b>	\$ 4,205,268	\$ 4,102,700	\$ 3,399,116	\$ 3,316,211
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	13.34%	13.33%	16.07%	15.03%
<b>Assumption changes</b>				
Discount rate	2.43%	2.14%	3.58%	4.18%

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

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

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

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

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



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## **SUPPLEMENTARY INFORMATION**

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Combining Balance Sheet – Non-Major Governmental Funds

as of September 30, 2025

	Special Revenue Funds				Capital Project Funds		Total Nonmajor Governmental Funds	
	Disaster Recovery Fund	Building Permit Fund	Federal Forfeiture Fund	Special Law Enforcement Fund	Community Redevelopment Agency Fund	General Capital Improvement Fund		Spring Park Capital Improvement Fund
<b>ASSETS</b>								
Equity in pooled cash and cash equivalents	\$ (103,722)	\$ 275,449	\$ 218,725	\$ 10,157	\$ 26,398	\$ -	\$ 9	\$ 427,016
<b>TOTAL ASSETS</b>	<u>\$ (103,722)</u>	<u>\$ 275,449</u>	<u>\$ 218,725</u>	<u>\$ 10,157</u>	<u>\$ 26,398</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 427,016</u>
<b>LIABILITIES</b>								
Accounts payable	-	3,164	-	-	-	-	-	3,164
Accrued payroll	-	10,167	-	-	-	-	-	10,167
Due to other governments	-	3,099	-	-	-	-	-	3,099
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>16,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,430</u>
<b>FUND BALANCE</b>								
Restricted for:								
Building code enforcement	-	259,019	-	-	-	-	-	259,019
Community redevelopment	-	-	-	-	26,398	-	-	26,398
Law enforcement expenditures	-	-	218,725	10,157	-	-	-	228,882
Assigned to:								
Capital improvements	-	-	-	-	-	-	9	9
Unassigned	(103,722)	-	-	-	-	-	-	(103,722)
<b>TOTAL FUND BALANCES</b>	<u>(103,722)</u>	<u>259,019</u>	<u>218,725</u>	<u>10,157</u>	<u>26,398</u>	<u>-</u>	<u>9</u>	<u>410,586</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ (103,722)</u>	<u>\$ 275,449</u>	<u>\$ 218,725</u>	<u>\$ 10,157</u>	<u>\$ 26,398</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 427,016</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds  
for the year ended September 30, 2025

	Special Revenue Funds					Capital Project Funds		Total Nonmajor Governmental Funds
	Disaster Recovery Fund	Building Permit Fund	Federal Forfeiture Fund	Special Law Enforcement Fund	Community Redevelopment Agency Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
<b>REVENUES:</b>								
Taxes	\$ -	\$ -		\$ -	\$ 46,463	\$ -	\$ -	\$ 46,463
Licenses and permits	-	519,875	-	-	-	-	-	519,875
Intergovernmental revenue	172,894	-	-	-	-	-	-	172,894
Charges for services	67,256	-	-	-	-	-	-	67,256
Fines and forfeitures	-	-	67,515	6,064	-	-	-	73,579
Other	-	29,997	51	-	67	-	-	30,115
Total revenues	<u>240,150</u>	<u>549,872</u>	<u>67,566</u>	<u>6,064</u>	<u>46,530</u>	<u>-</u>	<u>-</u>	<u>910,182</u>
<b>EXPENDITURES:</b>								
Public safety	-	456,385	4,223	-	-	-	-	460,608
Economic environment	-	-	-	-	3,851	-	-	3,851
Transportation	228,513	-	-	-	-	-	-	228,513
Capital outlay	-	-	6,165	-	16,281	-	-	22,446
Debt service	-	-	-	-	-	159,474	81,396	240,870
Total expenditures	<u>228,513</u>	<u>456,385</u>	<u>10,388</u>	<u>-</u>	<u>20,132</u>	<u>159,474</u>	<u>81,396</u>	<u>956,288</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>11,637</u>	<u>93,487</u>	<u>57,178</u>	<u>6,064</u>	<u>26,398</u>	<u>(159,474)</u>	<u>(81,396)</u>	<u>(46,106)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	168,019	-	-	159,474	81,396	408,889
Transfers (out)	-	-	(6,472)	-	-	-	-	(6,472)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>161,547</u>	<u>-</u>	<u>-</u>	<u>159,474</u>	<u>81,396</u>	<u>402,417</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>11,637</u>	<u>93,487</u>	<u>218,725</u>	<u>6,064</u>	<u>26,398</u>	<u>-</u>	<u>-</u>	<u>356,311</u>
<b>FUND BALANCE, beginning of year</b>	<u>(115,359)</u>	<u>165,532</u>	<u>-</u>	<u>4,093</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>54,275</u>
<b>FUND BALANCE, end of year</b>	<u>\$ (103,722)</u>	<u>\$ 259,019</u>	<u>\$ 218,725</u>	<u>\$ 10,157</u>	<u>\$ 26,398</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 410,586</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
Statement of Net Position— Non-Major Enterprise Fund  
for the year ended September 30, 2025

	<b>Solid Waste Fund</b>
<b>ASSETS</b>	
Current assets:	
Equity in pooled cash and investments	\$ 69,090
Receivables:	
Customers, net	69,039
Total current assets	<u>138,129</u>
Noncurrent assets:	
Capital assets:	
Depreciable, net	514,230
Total noncurrent assets	<u>514,230</u>
Total assets	<u>652,359</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	99,186
Deferred outflows related to OPEB	8,620
Total deferred outflows of resources	<u>107,806</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	3,127
Accrued wages	15,420
Due to other funds	103,633
Compensated absences	26,898
Bonds and notes payable, current	71,791
Total current liabilities	<u>220,869</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Interest payable	3,795
Customer deposits	56,081
Compensated absences	62,762
Post employment obligation payable	35,150
Net pension liability	296,685
Bonds and notes payable, noncurrent portion	171,159
Total noncurrent liabilities	<u>625,632</u>
Total liabilities	<u>846,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	67,055
Deferred inflows related to OPEB	15,742
Total deferred inflows of resources	<u>82,797</u>
<b>NET POSITION</b>	
Net investment in capital assets	271,280
Unrestricted	(440,413)
Total net position	<u>\$ (169,133)</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

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

Funds

for the year ended September 30, 2025

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	<b>Solid Waste Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 1,036,564
Total operating revenues	<u>1,036,564</u>
<b>OPERATING EXPENSES:</b>	
Personnel services	646,254
Operating expenses	400,130
Depreciation	<u>91,117</u>
Total operating expenses	<u>1,137,501</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(100,937)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Investment revenue	17,547
Interest expense	(4,954)
Gain (loss) on disposal of property	18,015
Other, net	<u>38,472</u>
Total nonoperating revenues (expense)	<u>69,080</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<u>(31,857)</u>
<b>CHANGE IN NET POSITION</b>	(31,857)
<b>NET POSITION, beginning of year</b>	<u>(137,276)</u>
<b>NET POSITION, end of year</b>	<u>\$ (169,133)</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Statement of Cash Flows– Non-Major Enterprise Fund  
for the year ended September 30, 2025

	<b>Solid Waste Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 1,045,906
Payments to suppliers	(404,734)
Payments for salaries and benefits	(621,758)
Net cash flows from operating activities	<u>19,414</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds, net of change in amounts due to other funds	49,005
Increase (decrease) in deposits	3,900
Net cash flows from noncapital financing activities	<u>52,905</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets, net of related payables	(263,611)
Principal paid on notes, bonds and lease obligations	(76,104)
Interest paid on borrowings and other debt costs	(1,159)
Proceeds from long-term debt	263,611
Proceeds from the sale of assets	18,015
Net cash flows from capital and related financing activities	<u>(59,248)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on invested funds	17,547
Other income	38,472
Net cash flows from investing activities	<u>56,019</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	69,090
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 69,090</u>
<b>As shown in the Accompanying Financial Statements</b>	
Equity in cash and investments	\$ 69,090
<b>Total cash and cash equivalents</b>	<u>\$ 69,090</u>
<b>Noncash financing and investing activities:</b>	
None	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (100,937)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	91,117
(Increase) decrease in accounts receivable	9,342
Increase (decrease) in accounts payable	(4,604)
Increase (decrease) in accrued wages and compensated absences	35,546
(Increase) decrease in OPEB related deferred outflows	1,958
Increase (decrease) in the total OPEB liability	(2,937)
Increase (decrease) in OPEB related deferred inflows	(3,367)
(Increase) decrease in pension related deferred outflows	15,291
Increase (decrease) in the net pension liability	(50,063)
Increase (decrease) in pension related deferred inflows	28,068
Net cash flows from operating activities	<u>\$ 19,414</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Combining Statement of Net Position– Internal Service Funds  
for the year ended September 30, 2025

	<b>Business Type Activities - Internal Service Funds</b>		
	<b>Customer</b>	<b>Self-Insurance</b>	<b>Total</b>
	<b>Service Fund</b>	<b>Fund</b>	
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 357,091	\$ 380,449	\$ 737,540
Receivables, net	-	58,211	58,211
Inventory and prepaids	1,016	-	1,016
Total current assets	<u>358,107</u>	<u>438,660</u>	<u>796,767</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	38,121	-	38,121
Total noncurrent assets	<u>38,121</u>	<u>-</u>	<u>38,121</u>
Total assets	<u>396,228</u>	<u>438,660</u>	<u>834,888</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	93,882	-	93,882
Deferred outflows related to OPEB	7,758	-	7,758
Total deferred outflows of resources	<u>101,640</u>	<u>-</u>	<u>101,640</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	390	284,030	284,420
Accrued personnel liabilities	21,575	-	21,575
Compensated absences	24,510	-	24,510
Total current liabilities	<u>46,475</u>	<u>284,030</u>	<u>330,505</u>
Noncurrent liabilities:			
Compensated absences	57,188	-	57,188
Post employment obligation payable	31,635	-	31,635
Net pension liability	280,048	-	280,048
Total noncurrent liabilities	<u>368,871</u>	<u>-</u>	<u>368,871</u>
Total liabilities	<u>415,346</u>	<u>284,030</u>	<u>699,376</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	69,568	-	69,568
Deferred inflows related to OPEB	14,168	-	14,168
Total deferred inflows of resources	<u>83,736</u>	<u>-</u>	<u>83,736</u>
<b>NET POSITION</b>			
Net investment in capital assets	38,121	-	38,121
Unrestricted	(39,335)	154,630	115,295
Total net position	<u>\$ (1,214)</u>	<u>\$ 154,630</u>	<u>153,416</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Combining Statement of Revenues, Expenses and Changes in Fund Net Position– Internal Service Funds  
for the year ended September 30, 2025

	<b>Business Type Activities - Enterprise Funds</b>		
	<b>Customer</b>		
	<b>Service</b>	<b>Self-Insurance</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 904,147	\$ 2,098,603	\$ 3,002,750
Total operating revenue	<u>904,147</u>	<u>2,098,603</u>	<u>3,002,750</u>
<b>OPERATING EXPENSES:</b>			
Personnel services	722,503	-	722,503
Operating expenses	66,678	2,030,046	2,096,724
Depreciation	10,389	-	10,389
Total operating expenses	<u>799,570</u>	<u>2,030,046</u>	<u>2,829,616</u>
<b>OPERATING INCOME (LOSS)</b>	<u>104,577</u>	<u>68,557</u>	<u>173,134</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Investment income (loss)	598	172	770
Total nonoperating revenues (expense)	<u>598</u>	<u>172</u>	<u>770</u>
<b>CHANGE IN NET POSITION</b>	105,175	68,729	173,904
<b>NET POSITION, beginning of year</b>	<u>(106,389)</u>	<u>85,901</u>	<u>(20,488)</u>
<b>NET POSITION, end of year</b>	<u>\$ (1,214)</u>	<u>\$ 154,630</u>	<u>\$ 153,416</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Combining Statement of Cash Flows– Internal Service Funds  
for the year ended September 30, 2025

	<b>Business Type Activities - Non-Major Enterprise Funds</b>		
	<b>Customer</b>		
	<b>Service Fund</b>	<b>Self-Insurance Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 904,147	\$ 2,076,987	\$ 2,981,134
Payments to suppliers	(72,392)	(2,076,085)	(2,148,477)
Payments for salaries and benefits	(697,961)	-	(697,961)
Net cash flows from operating activities	<u>133,794</u>	<u>902</u>	<u>134,696</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on invested funds	<u>598</u>	<u>172</u>	<u>770</u>
Net cash flows from investing activities	<u>598</u>	<u>172</u>	<u>770</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	134,392	1,074	135,466
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>222,699</u>	<u>379,375</u>	<u>602,074</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 357,091</u>	<u>\$ 380,449</u>	<u>\$ 737,540</u>
<b>As shown in the Accompanying Financial Statements</b>			
Equity in cash and investments	<u>\$ 357,091</u>	<u>\$ 380,449</u>	<u>\$ 737,540</u>
<b>Total cash and cash equivalents</b>	<u>\$ 357,091</u>	<u>\$ 380,449</u>	<u>\$ 737,540</u>
<b>Noncash financing and investing activities:</b>			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 104,577	\$ 68,557	\$ 173,134
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	10,389	-	10,389
(Increase) decrease in inventory and prepaids	(1,016)	-	(1,016)
(Increase) decrease in accounts receivable	-	(21,616)	(21,616)
Increase (decrease) in accounts payable	(4,698)	(46,039)	(50,737)
Increase (decrease) in accrued wages and compensated absences	29,717	-	29,717
(Increase) decrease in OPEB related deferred outflows	765	-	765
Increase (decrease) in the total OPEB liability	2,180	-	2,180
Increase (decrease) in OPEB related deferred inflows	(762)	-	(762)
(Increase) decrease in pension related deferred outflows	16,788	-	16,788
Increase (decrease) in the net pension liability	(54,962)	-	(54,962)
Increase (decrease) in pension related deferred inflows	30,816	-	30,816
Net cash flows from operating activities	<u>\$ 133,794</u>	<u>\$ 902</u>	<u>\$ 134,696</u>



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## **OTHER INFORMATION**

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Data Elements required by Section 218.32(1)(e), *Florida Statutes*  
September 30, 2025

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<u>Data Element</u>	<u>Reference</u>	<u>Comment</u>
The total number of CRA employees compensated in the last pay period of the CRA’s fiscal year being reported	Section 218.32(1)(e)(2)(a)	The CRA has no employees.
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA’s fiscal year being reported.	Section 218.32(1)(e)(2)(b)	None
All compensation earned by or awarded to CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	The CRA has no employees.
All compensation earned by or awarded to CRA nonemployee independent contractors, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(d)	None
Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	Section 218.32(1)(e)(3)	The CRA did not amend their budget for 2025.
Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	None

**GOVERNMENT AUDITING SECTION**

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Schedule of Expenditures of Federal Awards and State Financial Assistance  
for the year ended September 30, 2025

**FEDERAL PROGRAMS:**

<u>Funding Source and Grant Program</u>	<u>AL#</u>	<u>Contract/Grant Identification</u>	<u>Total Expenditures</u>
<b>U.S Department of Housing and Urban Development:</b>			
Pass through program:			
Florida Department of Economic Opportunity:			
Community Development Block Grant (CDBG) - Entitlement:			
Grant Cluster:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:			
CDBG-NR - Flood and Drainage improvements / Vera Francis Park	14.228	22DB-OP-04-20-02-N22	\$ 113,810
CDBG Cafetorium	14.228	H2503 / 22CV-S28	<u>143,196</u>
Total U.S. Department of Housing and Urban Development			<u>257,006</u>
<b>U.S. Department of Homeland Security</b>			
Pass through program:			
Florida Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Hurricane Helene	97.036	DR-4828	25,474
Hurricane Milton	97.036	DR-4834	120,869
Subtotal - Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>146,343</u>
Hazard Mitigation Grant - City Hall Generator	97.039	H1007 / 4486-101	94,817
Hazard Mitigation Grant - Utility Mitigation and Generator	97.039	H0296 / 4337-215-R	61,317
Hazard Mitigation Grant - Install generators on 17 lift stations	97.039	H0297 / 4337-217-R	75,127
Hazard Mitigation Grant - Liftstation #3 generator	97.039	H0376 / 4337-294-R	<u>42,061</u>
Subtotal - Hazard Mitigation Grant			<u>273,322</u>
Total U.S. Department of Homeland Security			<u>419,665</u>
<b>Executive Office of the President</b>			
Direct award:			
High Intensity Drug Trafficking Areas program	95.001	na	<u>9,728</u>
Total Executive Office of the President			<u>9,728</u>
<b>U.S. Department of Environmental Protection</b>			
Pass through program:			
Florida Department of Environmental Protection			
Capitalization Grant for Drinking Water State Revolving Fund	66.468	DW100440 / 4D-02D37923-0	<u>2,171,400</u>
Total U.S. Department of Environmental Protection			<u>2,171,400</u>
Total Expenditures of Federal Awards			<u>\$ 2,857,799</u>

Continued...

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Schedule of Expenditures of Federal Awards and State Financial Assistance (concluded)  
for the year ended September 30, 2025

**STATE PROGRAMS:**

Funding Source and Grant Program	CSFA#	Contract/Grant Identification	Total Expenditures
<b>State of Florida Department of Environmental Protection</b>			
Direct programs:			
Florida Recreation Development Assistance Program:			
Vera Francis Hall Park, Phase VI	37.017	A2448	\$ 82,524
Augusta Savage Friendship Park, Phase I	37.017	A2470	39,085
Total Florida Recreation Development Assistance Program			121,609
Statewide Water Quality Restoration Projects	37.039	LPA0295	235,500
Wastewater Treatment Facility Construction	37.077	CW100420	2,669,176
Alternative Water Supply	37.100	n/a	92,246
Total State of Florida Department of Environmental Protection			3,118,531
Total Expenditures of State Financial Assistance			\$ 3,118,531

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
for the year ended September 30, 2025

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**NOTE 1 - GENERAL**

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

Federal awards and state financial assistance received directly, as well as passed through to other government agencies, if any, are included in the schedule. For the year ended September 30, 2025, the City had no subrecipients and therefore did not pass any federal awards or state financial assistance through to other government agencies.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**NOTE 3 – INDIRECT COST**

The City currently does not have a negotiated indirect cost rate for federal awards received. The City has also elected not to charge the de minimis indirect cost rate of 15% allowed by §200.414, Indirect (F&A) costs, of the Uniform Guidance, to all federal awards.

**NOTE 4 - CONTINGENCIES**

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

**NOTE 5 – NON-CASH CONTRIBUTIONS**

The City did not receive any federal or state non-cash assistance, including personal protection equipment for the fiscal year ended September 30, 2025.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

**CERTIFIED PUBLIC ACCOUNTANTS**

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa  
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Members of American and Florida Institutes of Certified Public Accountants

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**The City's Response to Findings**

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

**Purpose of this Report**

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

*Purvis Gray*

May 13, 2026  
Gainesville, Florida

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

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

**Report on Compliance for Each Major Federal Program/State Project**

***Opinion on Each Major Federal Program/State Project***

We have audited the City of Green Cove Springs, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program/State Project***

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

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

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City of Green Cove Springs  
Green Cove Springs, Florida

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

*Purvis Gray*

May 13, 2026  
Gainesville, Florida

**CITY OF GREEN COVE SPRINGS, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**Part A - SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

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

**Federal Awards and State Financial Assistance Projects**

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

**Identification of Major Programs/Projects:**

**Federal Program or Cluster**

<b>U.S. Department of the Treasury</b>	
<b>Passed Through State of Florida Division of Emergency Management</b>	
Capitalization Grants for Drinking Water State Revolving Fund	AL No. 66.468

**State Project**

<b>Florida Department of Environmental Protection</b>	
Wastewater Treatment Facility Construction	CSFA No. 37.077

Dollar threshold used to distinguish between Type A and Type B:	
Federal Programs	\$1,000,000
State Projects	\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

**CITY OF GREEN COVE SPRINGS, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**PART B - FINDINGS - FINANCIAL STATEMENT AUDIT**

Management Letter Comment – 2025-001 – See Management Letter

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

None

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

None

**PART E - SCHEDULE OF PRIOR AUDIT FINDINGS**

**2025-001 (previously 2023-007)** – (Management Letter Comment) – corrective actions have not been fully taken.

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

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

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

We have examined the City of Green Cove Springs, Florida’s (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2025. City management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2025.

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

*Purvis Gray*

May 13, 2026  
Gainesville, Florida

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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the City of Green Cove Springs, Florida (the City) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 13, 2026.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 13, 2026, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. All prior audit findings were corrected except for finding 2023-007 (current year 2025-001).

### Official Title and Legal Authority

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

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The Honorable Mayor and  
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City of Green Cove Springs  
Green Cove Springs, Florida

## MANAGEMENT LETTER

### Financial Condition and Management

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

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

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

### **2025-001 (Formerly 2023-007) – General Fund Unassigned Fund Balance Deficit**

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

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

**FY 25 Update:** Although the City has decreased the deficit, the City has current year negative unassigned fund balance of \$(416,545).

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

## MANAGEMENT LETTER

### **Property Assessed Clean Energy (PACE) Programs**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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

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

*Purvis Gray*

May 13, 2026  
Gainesville, Florida



# City of Green Cove Springs Florida

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City of Green Cove Springs  
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321 Walnut Street  
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Green Cove Springs, Florida 32043  
[www.greencovesprings.com](http://www.greencovesprings.com)

May 7, 2026

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

Dear Ms. Norman:

Pursuant to the provisions of Section 218.39(6) Florida Statutes, the following are the responses to the audit of the City of Green Cove Springs conducted by Purvis, Gray & Company, CPAs for the period October 1, 2024 to September 30, 2025.

#### **2025-001 (Formerly 2023-007) – General Fund Unassigned Fund Balance Deficit**

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

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

**FY 25 Update:** Although the City has decreased the deficit, the City has current year negative unassigned fund balance of \$(416,545).

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

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