

**CITY OF GREEN COVE SPRINGS, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**



CITY COUNCIL

*Edward Gaw, Mayor
Matt Johnson, Vice Mayor
Connie Butler
Van Royal
Steven Kelley*

CITY MANAGER

Steve Kennedy

CITY CLERK

Erin West

FINANCE DIRECTOR

Marlena Guthrie

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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


Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Daytona Beach, Florida
April 27, 2022

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

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

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements.

HIGHLIGHTS

Financial Highlights

- The City's assets exceeded its liabilities at September 30, 2021, by \$67 million. Unrestricted net position was \$7.8 million at September 30, 2021.
- The City's net position increased by \$7,732,375 or 13.05%. The governmental net position increased \$865,421 or 3.25% and the business-type net position increased by \$6,866,954 or 21.05%.
- The business-type activities revenues, including capital grants and investment revenue, increased by \$7,227,538 or 39.80% and the net results from activities increased by \$6,623,799 or 2724%.
- The governmental net position increased due to an increase in property taxes and state shared revenues.
- The business-type net position increased due to an increase in electric charges, wastewater grants and contributions, solid waste charges and stormwater fees. FY 21 was the first year to implement stormwater user fees. FY 21 also included \$2.3 million in State Revolving Funds for construction of the Wastewater Treatment Plant.

City Highlights

- The City spent approximately \$1.9 million on capital improvements, of which \$376K was for the AMIKIDS Buildout and \$344K was for the Augusta Savage Mentoring Center. The City also purchased approximately \$26K in computer equipment for the various General Fund departments. \$593K was spent on Augusta Savage Food Pantry & Projects, \$37K was spent on City Hall improvements, \$40K was spent on sidewalks and sign replacements throughout the City, \$46K was spent on Building Permit Software. \$205K was spent replacing vehicles and equipment within the Police Department. \$197K was spent on park improvements and equipment. \$21K was spent on Public Works Equipment.
- During this fiscal year, the Electric Department spent \$260K on materials and poles. \$102K was spent on the First Coast Expressway. \$296K was spent on Electric Magnolia Point 3rd Feeder. \$3.8 million was spent on Electric Chapman Station Upgrade and Chapman 3rd Feed and Transformer. \$222K was spent on a new Electric Bucket Truck.
- The Water Department spent \$736K on Reynolds System Improvements during the fiscal year. \$427K was spent on Water Line Extensions and Replacements. \$292K was spent on CR 209 Force Main Extension and \$4K for water equipment.
- The Wastewater Department expended \$2.9 million for the Wastewater Treatment Plant. \$42K for a new Ford F-250 Truck. \$158K was spent on Reynolds System Improvements and \$162K was spent to rehab sewer lines. \$867K was spent on Wastewater Repairs, Line Extensions and Equipment.

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

City Highlights (Concluded)

- The Stormwater Department expended \$64K to Rehab West Street.
- The Solid Waste Department expended \$256K for 2 new 2021 Heil Trash Trucks.

Overview of Financial Statements

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

Government-wide Financial Statements

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

The focus of the *Statement of Net Position (the "Unrestricted Net Position")* is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates the governmental fund's current financial resources, short-term spendable resources with capital assets, and long-term obligations. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave.) This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

Fund Financial Statements

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

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

Fund Financial Statements (Concluded)

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

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

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

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

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

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The Notes to the Financial Statements can be found on pages 28 through 54 of this report.

Government-wide Financial Analysis—Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$67 million which reflects an increase of \$7.7M at the close of the fiscal year ended September 30, 2021. A portion of the City's net position, \$6,888,269, represents resources that are subject to external restrictions on how they may be used. Governmental activities had \$4,451,195 in restricted net position and the business-type activities had \$2,437,074 in restricted net position at September 30, 2021.

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

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

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

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

Statement of Net Position As of September 30, 2021 (In 000s)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2020	2021	2020	2021	2020	2021	
Current and Other Assets	\$ 4,331	\$ 7,620	\$ 19,074	\$ 18,840	\$ 23,405	\$ 26,460	13.05%
Capital Assets	27,868	28,169	32,785	41,331	60,653	69,500	14.59%
Total Assets	<u>\$ 32,199</u>	<u>\$ 35,789</u>	<u>\$ 51,859</u>	<u>\$ 60,171</u>	<u>\$ 84,058</u>	<u>\$ 95,960</u>	14.16%
 Deferred Outflows	 \$ 1,795	 \$ 1,416	 \$ 593	 \$ 488	 \$ 2,388	 \$ 1,904	 -20.27%
 Current Liabilities	 \$ 1,002	 \$ 3,156	 \$ 7,762	 \$ 4,463	 \$ 8,764	 \$ 7,619	 -13.06%
Long-term Liabilities	5,316	3,196	11,970	15,810	17,286	19,006	9.95%
Total Liabilities	<u>\$ 6,318</u>	<u>\$ 6,352</u>	<u>\$ 19,732</u>	<u>\$ 20,273</u>	<u>\$ 26,050</u>	<u>\$ 26,625</u>	2.21%
 Deferred Inflows	 \$ 1,060	 \$ 3,372	 \$ 98	 \$ 897	 \$ 1,158	 \$ 4,269	 268.65%
 Net Position:							
Net Investment in Capital Assets	\$ 26,169	\$ 26,680	\$ 18,070	\$ 25,595	\$ 44,239	\$ 52,275	18.16%
Restricted	2,886	4,451	2,624	2,437	5,510	6,888	25.00%
Unrestricted	<u>(2,439)</u>	<u>(3,650)</u>	<u>11,928</u>	<u>11,457</u>	<u>9,489</u>	<u>7,807</u>	-17.73%
 Total Net Position	 <u>\$ 26,616</u>	 <u>\$ 27,481</u>	 <u>\$ 32,622</u>	 <u>\$ 39,489</u>	 <u>\$ 59,238</u>	 <u>\$ 66,970</u>	 <u>13.05%</u>

Normal Impacts

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

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

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

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

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

Normal Impacts (Concluded)

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

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

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

Current Year Impacts

ARPA—The City received its first installment of ARPA Funds, which increased governmental activities unearned revenue, a current liability, by \$2,147,911.

Statement of Activities

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

Change in Net Position
As of September 30, 2021 (In 000s)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2020	2021	2020	2021	2020	2021	
<u>REVENUES</u>							
Charges for Services	\$ 1,413	\$ 1,360	\$17,765	\$20,288	\$ 19,178	21,648	12.9%
Operating Grants and Contributions	1,697	878	0	0	1,697	878	-48.3%
Capital Grants and Contributions	601	530	210	5,008	811	5,538	582.9%
General Revenues:							
Property Taxes	1,766	1,915	0	0	1,766	1,915	8.4%
State Revenue Sharing	238	275	0	0	238	275	15.6%
Sales and Use Tax	446	503	0	0	446	503	12.8%
Discretionary Sales Surtax	908	1,034	0	0	908	1,034	13.9%
Investment Income	32	2	58	8	90	10	-88.9%
Business and Utility Taxes	621	606	0	0	621	606	-2.4%
Sale of Fixed Assets	0	0	0	0	0	0	0.00%
Other General Revenues	550	522	127	83	677	605	-10.6%
Total Revenues	<u>\$ 8,272</u>	<u>\$ 7,625</u>	<u>\$18,160</u>	<u>\$25,387</u>	<u>\$ 26,432</u>	<u>\$ 33,012</u>	<u>24.9%</u>

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2020	2021	2020	2021	2020	2021	
<u>EXPENSES</u>							
Governmental							
Activities:							
General							
Government	\$ 1,796	\$ 2,038	\$ 0	\$ 0	\$ 1,796	\$ 2,038	13.47%
Public Safety	3,750	2,956	0	0	3,750	2,956	-21.17%
Transportation	1,394	1,448	0	0	1,394	1,448	3.87%
Physical							
Environment	133	263	0	0	133	263	97.74%
Culture and							
Recreation	984	1,058	0	0	984	1,058	7.52%
Interest on							
Long-term							
Debt	34	31	0	0	34	31	-8.82%
Business-type							
Activities:							
Electric	0	0	11,916	12,023	11,916	12,023	.90%
Water	0	0	1,885	2,002	1,885	2,002	6.21%
Wastewater	0	0	2,160	2,411	2,160	2,411	11.62%
Stormwater	0	0	198	236	198	236	19.19%
Solid Waste	0	0	572	814	573	814	42.06%
Total Expenses	\$ 8,091	\$ 7,794	\$16,731	\$17,486	\$ 24,822	\$ 25,280	1.85%
Excess of Revenues							
Over Expenses	\$ 180	\$ (169)	\$ 1,429	\$ 7,901	\$ 1,609	\$ 7,732	380.6%
Transfers	1,185	1,035	(1,185)	(1,035)	0	0	
NET INCREASE	\$ 1,365	\$ 866	\$ 244	\$ 6,866	\$ 1,609	\$ 7,732	380.6%

Normal Impacts

There are nine (9) basic impacts on revenues and expenses as reflected below.

Revenues

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

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

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

Normal Impacts (Concluded)

Revenues (Concluded)

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

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

Market Impacts on Investment Income—due to varying maturities on the City's investments and the varying nature of the market in general, the City investment income may fluctuate from year to year. During 2021, investment income decreased 89% due to market conditions.

Expenses

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

Authorized Personnel—changes in service demand may cause the Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 18% of the City's total net operating budget.

Personnel Costs (cost of living, merit, and market adjustment)—the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace. A classification and compensation study was completed for the City by Evergreen Solutions, LLC. It was presented and received by the Council on September 15, 2020. Implementation of the classification and compensation study began in fiscal year 2021 and full implementation was accomplished during fiscal year 2022.

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

Current Year Impacts

Revenues

The City's property tax revenue increased by 8.44% for fiscal year 2021. The City's millage rate for this fiscal year is 3.80 mills. The passing of Amendment 1, Property Tax Reform, limits governments in their ability to collect additional ad valorem tax.

In government activities, total revenues decreased primarily due to an increase in property taxes and state shared revenues, offset by a more significant decrease in grants, primarily COVID-19 and Spring Park Pier grant in FY 20. General fund revenues, including transfers-in, increased from the previous year with an overall increase of 2.54%.

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

Current Year Impacts (Concluded)

Revenues (Concluded)

Interest revenues are decreasing due to decreasing market rates.

The business-type activities (Proprietary Fund) revenues increased by approximately 39.80%, due mainly to an increase in electric charges, solid waste charges, wastewater capital grants and stormwater fees. FY 21 was the first year to implement Stormwater user fees.

Expenses

The Governmental activities expenses decreased by approximately 3.67%, primarily due to a decrease in public safety expenses.

The primary increase in the business-type activities is a result of an increase in electric power & depreciation expense. The business-type activities expenses, excluding transfers, increased by 4.50%.

Proprietary Funds

The Utility Fund accounting for the Electric, Water, Wastewater, Stormwater, Solid Waste, internal service fund activities had an increase in net position of \$6,866,954. Operating revenues increased by \$2,523,092 and operating expenses increased by \$405,801. Utility fund operating expenses (excluding depreciation) increased by 2.86%.

Budgetary Highlights

The most significant budget adjustments were as follows:

General Fund

- The budget in total was increased by \$3,789,957. \$535,200 was for the remaining COVID-19 public health emergency and CARES ACT reimbursements for Public Safety salaries and benefits and the Augusta Savage Mentoring Center. \$308,251 was for increased state revenues. \$403,487 was for fund balance transfers due to carry over of CARES ACT projects. \$142,603 was for increased public safety fines, RLC citations and Federal Forfeiture funds. \$186,265 was for a GIS project grant and adjusted FEMA payment for COVID-19 expenditures. \$2,147,911 was also budgeted for ARPA Funds Tranche #1.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the City had \$69,499,809 invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of \$8,846,338 or 14.58% from the end of last year. Capital Asset Activity is further outlined in the Notes to Financial Statements, Note No. 6.

	Net of Depreciation (In 000s)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Land and Land Rights	\$ 8,063	\$ 8,063	\$ 227	\$ 227	\$ 8,290	\$ 8,290
Construction in Progress	273	376	8,262	12,058	8,535	12,434
Buildings and Plants	12,390	13,543	50,694	56,068	63,084	69,611
Improvements Other than Buildings	7,997	8,254	0	0	7,997	8,254
Equipment	3,496	3,695	0	0	3,496	3,695
Infrastructure	9,823	9,858	10,136	11,775	19,959	21,633
Less:						
Accumulated Depreciation	(14,174)	(15,620)	(36,534)	(38,797)	(50,708)	(54,417)
Total	<u>\$ 27,868</u>	<u>\$ 28,169</u>	<u>\$ 32,785</u>	<u>\$ 41,331</u>	<u>\$ 60,653</u>	<u>\$ 69,500</u>

The following reconciliation summarizes the change in Capital Assets.

	Change in Capital Assets (In 000s)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Beginning Balance, Net	\$ 26,711	\$ 27,868	\$ 26,734	\$ 32,785	\$ 53,445	\$ 60,653
Additions	2,966	2,267	8,278	10,985	11,244	13,252
Retirement						
Other	(418)	(520)	(1)	(176)	(419)	(696)
Depreciation	(1,391)	(1,446)	(2,226)	(2,263)	(3,617)	(3,709)
Ending Balance, Net	<u>\$ 27,868</u>	<u>\$ 28,169</u>	<u>\$ 32,785</u>	<u>\$ 41,331</u>	<u>\$ 60,653</u>	<u>\$ 69,500</u>

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

Capital Assets (Concluded)

This year's major additions were:

Governmental Activities:	<i>In (000s)</i>
AMIKIDS Buildout	\$ 376
City Hall Improvements	37
Augusta Savage Mentoring Center	344
Police Vehicles	205
Parks Improvements	187
Building Permit Software	46
Augusta Savage Food Pantry & Projects	593
Sign Replacements & Sidewalk Repairs	40
Computer Equipment	26
Parks Mower	10
Public Works Equipment	21
 Business-type Activities:	
Electric Materials and Poles	260
Electric First Coast Expressway	102
Electric Chapman 3 rd Feed and Transformer	551
Electric Bucket Truck	222
Electric Chapman Station Upgrade	3,245
Electric Magnolia Point 3 rd Feeder	296
Electric UG Cable Sectionalizing/Replacement	235
Water Reynolds System Improvements	736
Water Line Extensions & Replacements	427
Water New Meter Installation	292
Water Equipment	4
Water CR 209 Force Main Extension	292
Wastewater Treatment Plant	2,859
Wastewater Repairs	453
Wastewater Ford F-250 Truck	42
Wastewater Rehab Sewer Lines	162
Wastewater Line Extensions	257
Wastewater Equipment	157
Wastewater System Improvements	158
Solid Waste 2-2021 Heil Trash Trucks	256
Stormwater West Street Rehab	64

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

Debt Outstanding

As of year-end, the City had the following debt. The City Debt is further outlined in the Notes to the Financial Statements, Note No. 7.

Outstanding Debt, at Year-end
(In 000s)

	Totals	
	2020	2021
Governmental:		
Compensated Absences	\$ 510	\$ 519
Total OPEB Liability	378	386
Sales Tax Revenue Note		
Series 2016A	911	765
Series 2016B	788	724
Net Pension Liability	3,092	1,171
Sub-Total – Governmental	5,679	3,565
Business-type:		
Utility Notes	14,574	15,736
Equipment Notes	141	0
Compensated Absences	492	413
Total OPEB Liability	169	174
Net Pension Liability	1,602	663
Sub-Total – Business-Type	16,978	16,986
Total	\$ 22,657	\$ 20,551

ECONOMIC FACTORS

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

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

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash	\$ 2,776,387	\$ 9,370,667	\$ 12,147,054
Investments	1,629,783	4,725,533	6,355,316
Receivables, net	20,005	2,117,632	2,137,637
Internal balances	(149,469)	149,469	-
Due from other governments	786,892	1,087,936	1,874,828
Inventories	75,291	969,446	1,044,737
Prepays	191,999	-	191,999
Restricted assets:			
Equity in pooled cash	127,640	48,048	175,688
Investments	-	370,858	370,858
Net pension asset	2,161,613	-	2,161,613
Capital assets:			
Capital assets, not being depreciated	8,438,813	12,285,154	20,723,967
Other capital assets, net of depreciation	19,729,971	29,045,871	48,775,842
Total assets	<u>\$ 35,788,925</u>	<u>\$ 60,170,614</u>	<u>\$ 95,959,539</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 1,416,533</u>	<u>\$ 487,683</u>	<u>\$ 1,904,216</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 632,095	\$ 2,192,228	\$ 2,824,323
Customer deposits	-	848,003	848,003
Unearned revenue	2,147,911	184,201	2,332,112
Accrued interest payable	7,376	61,779	69,155
Noncurrent liabilities:			
Due within one year:			
Bonds, notes, and capital leases payable	213,000	1,052,538	1,265,538
Compensated absences	155,574	124,109	279,683
Due in more than one year:			
Bonds, notes, and capital leases payable	1,276,000	14,683,168	15,959,168
Compensated absences	363,005	289,585	652,590
Total OPEB liability	386,384	174,402	560,786
Net pension liability	1,170,578	662,638	1,833,216
Total liabilities	<u>\$ 6,351,923</u>	<u>\$ 20,272,651</u>	<u>\$ 26,624,574</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 3,372,104</u>	<u>\$ 896,748</u>	<u>\$ 4,268,852</u>
NET POSITION			
Net investment in capital assets	\$ 26,679,784	\$ 25,595,319	\$ 52,275,103
Restricted for:			
Public safety	92,878	-	92,878
Pensions	2,161,613	-	2,161,613
Debt service	53,000	357,282	410,282
Building department	536,525	-	536,525
Capital projects - infrastructure surtax	932,262	-	932,262
Capital projects - transportation only	440,043	-	440,043
Transportation - operations and capital	234,874	-	234,874
System Improvements	-	2,079,792	2,079,792
Unrestricted	(3,649,548)	11,456,505	7,806,957
Total net position	<u>\$ 27,481,431</u>	<u>\$ 39,488,898</u>	<u>\$ 66,970,329</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,037,635	\$ 89,229	\$ -	\$ -	\$ (1,948,406)	\$ -	\$ (1,948,406)
Public safety	2,956,507	1,183,766	403,874	-	(1,368,867)	-	(1,368,867)
Transportation	1,448,097	-	473,897	-	(974,200)	-	(974,200)
Physical environment	263,067	-	-	-	(263,067)	-	(263,067)
Culture and recreation	1,058,161	86,674	-	530,107	(441,380)	-	(441,380)
Interest on long-term debt	30,866	-	-	-	(30,866)	-	(30,866)
Total governmental activities	<u>7,794,333</u>	<u>1,359,669</u>	<u>877,771</u>	<u>530,107</u>	<u>(5,026,786)</u>	<u>-</u>	<u>(5,026,786)</u>
Business-type activities:							
Electric	12,023,042	13,500,261	-	16,131	-	1,493,350	1,493,350
Water	2,001,672	1,948,330	-	174,744	-	121,402	121,402
Sewer	2,410,961	3,252,842	-	4,816,753	-	5,658,634	5,658,634
Solid Waste	814,207	916,426	-	-	-	102,219	102,219
Stormwater	235,632	670,525	-	-	-	434,893	434,893
Total business-type activities	<u>17,485,514</u>	<u>20,288,384</u>	<u>-</u>	<u>5,007,628</u>	<u>-</u>	<u>7,810,498</u>	<u>7,810,498</u>
Total primary government	<u>\$ 25,279,847</u>	<u>\$ 21,648,053</u>	<u>\$ 877,771</u>	<u>\$ 5,537,735</u>	<u>(5,026,786)</u>	<u>7,810,498</u>	<u>2,783,712</u>
General revenues:							
Property taxes					1,915,494	-	1,915,494
Sales taxes					1,536,667	-	1,536,667
Public service taxes					387,699	-	387,699
Other taxes					32,212	-	32,212
Franchise and utility taxes					185,752	-	185,752
State revenue sharing					275,321	-	275,321
Other intergovernmental revenues					477,299	-	477,299
Investment earnings					2,534	7,924	10,458
Miscellaneous revenues					44,363	83,398	127,761
Transfers					1,034,866	(1,034,866)	-
Total general revenues and transfers					<u>5,892,207</u>	<u>(943,544)</u>	<u>4,948,663</u>
Change in net position					865,421	6,866,954	7,732,375
Net position - beginning					26,616,010	32,621,944	59,237,954
Net position - ending					<u>\$ 27,481,431</u>	<u>\$ 39,488,898</u>	<u>\$ 66,970,329</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in pooled cash and investments	\$ 3,225,876	\$ 1,307,934	\$ 4,533,810
Accounts receivable, net	20,005	-	20,005
Due from other governments	725,617	61,275	786,892
Inventories	75,291	-	75,291
Prepaid items	191,999	-	191,999
Total assets	<u>\$ 4,238,788</u>	<u>\$ 1,369,209</u>	<u>\$ 5,607,997</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 518,281	\$ 113,814	\$ 632,095
Unearned revenue	2,147,911	-	2,147,911
Due to other funds	-	149,469	149,469
Total liabilities	<u>2,666,192</u>	<u>263,283</u>	<u>2,929,475</u>
FUND BALANCES			
Nonspendable:			
Inventories	75,291	-	75,291
Prepaid items	191,999	-	191,999
Restricted for:			
Public safety	67,264	25,614	92,878
Debt service	60,376	-	60,376
Building department	-	536,525	536,525
Capital projects - infrastructure surtax	932,262	-	932,262
Capital projects - transportation only	440,043	-	440,043
Transportation - operations and capital	234,874	-	234,874
Assigned to:			
Capital improvements	-	631,994	631,994
Unassigned	(429,513)	(88,207)	(517,720)
Total fund balances	<u>1,572,596</u>	<u>1,105,926</u>	<u>2,678,522</u>
Total liabilities and fund balances	<u><u>\$ 4,238,788</u></u>	<u><u>\$ 1,369,209</u></u>	<u><u>\$ 5,607,997</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Fund balances - total governmental funds \$ 2,678,522

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

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

Total governmental capital assets	43,789,050	
Less: accumulated depreciation	(15,620,266)	28,168,784

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

Net pension liability	(1,170,578)	
Net pension asset	2,161,613	
Deferred outflows related to pensions	1,416,533	
Deferred inflows related to pensions	(3,372,104)	(964,536)

On the governmental fund statements, total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability.

Total OPEB liability		(386,384)
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Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(1,489,000)	
Accrued interest payable	(7,376)	
Compensated absences	(518,579)	(2,014,955)

Net position of governmental activities		\$ 27,481,431
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 3,913,035	\$ -	\$ 3,913,035
Permits and fees	7,049	213,506	220,555
Intergovernmental	2,247,880	-	2,247,880
Charges for services	803,872	-	803,872
Fines and forfeitures	1,068,890	-	1,068,890
Investment income	2,534	-	2,534
Miscellaneous	49,587	-	49,587
	<u>8,092,847</u>	<u>213,506</u>	<u>8,306,353</u>
Expenditures			
Current:			
General government	1,859,590	328,954	2,188,544
Public safety	3,230,302	12,648	3,242,950
Transportation	1,025,304	-	1,025,304
Physical environment	246,155	-	246,155
Culture and recreation	531,913	-	531,913
Capital outlay	1,895,462	46,250	1,941,712
Debt service:			
Principal retirement	-	210,000	210,000
Interest and fiscal charges	-	31,635	31,635
Total expenditures	<u>8,788,726</u>	<u>629,487</u>	<u>9,418,213</u>
Excess (deficiency) of revenues over expenditures	<u>(695,879)</u>	<u>(415,981)</u>	<u>(1,111,860)</u>
Other financing sources (uses)			
Transfers in	1,034,866	241,635	1,276,501
Transfers out	(241,635)	-	(241,635)
Total other financing sources (uses)	<u>793,231</u>	<u>241,635</u>	<u>1,034,866</u>
Net change in fund balances	<u>97,352</u>	<u>(174,346)</u>	<u>(76,994)</u>
Fund balances, beginning of year	1,475,244	1,280,272	2,755,516
Fund balances, end of year	<u><u>\$ 1,572,596</u></u>	<u><u>\$ 1,105,926</u></u>	<u><u>\$ 2,678,522</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds \$ (76,994)

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	1,941,712
Depreciation expense	(1,623,715)

Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:

Principal repayment of general long-term debt	210,000
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Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability (asset). Also included in pension/OPEB expense in the Statement of activities are amounts required to be amortized.

Change in net pension liability (asset) and deferred inflows/outflows related to pensions	447,583
Change in total OPEB liability	(8,344)

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	(17,317)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in accrued interest on long-term debt	769
Change in compensated absences liability	(8,273)

Change in net position of governmental activities	\$ 865,421
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,729,682	\$ 3,920,325	\$ 3,913,035	\$ (7,290)
Permits and fees	7,000	7,000	7,049	49
Intergovernmental	1,675,459	4,683,183	2,247,880	(2,435,303)
Charges for services	823,705	835,705	803,872	(31,833)
Fines and forfeitures	947,740	1,090,343	1,068,890	(21,453)
Investment income	45,000	45,000	2,534	(42,466)
Miscellaneous	31,000	64,500	49,587	(14,913)
Total revenues	<u>7,259,586</u>	<u>10,646,056</u>	<u>8,092,847</u>	<u>(2,553,209)</u>
EXPENDITURES				
Current:				
General government	1,672,502	4,072,934	1,859,590	2,213,344
Public safety	3,166,972	3,166,972	3,230,302	(63,330)
Transportation	1,073,515	1,073,515	1,025,304	48,211
Physical environment	190,227	295,652	246,155	49,497
Culture and recreation	524,282	575,282	531,913	43,369
Capital outlay	1,451,050	2,684,150	1,895,462	788,688
Total expenditures	<u>8,078,548</u>	<u>11,868,505</u>	<u>8,788,726</u>	<u>3,079,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(818,962)</u>	<u>(1,222,449)</u>	<u>(695,879)</u>	<u>526,570</u>
Other financing sources (uses)				
Transfers in	1,034,866	1,034,866	1,034,866	-
Transfers out	<u>(241,635)</u>	<u>(241,635)</u>	<u>(241,635)</u>	<u>-</u>
Total other financing sources (uses)	<u>793,231</u>	<u>793,231</u>	<u>793,231</u>	<u>-</u>
Net change in fund balances	<u>(25,731)</u>	<u>(429,218)</u>	<u>97,352</u>	<u>526,570</u>
Fund balances, beginning of year	<u>1,475,244</u>	<u>1,475,244</u>	<u>1,475,244</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,449,513</u></u>	<u><u>\$ 1,046,026</u></u>	<u><u>\$ 1,572,596</u></u>	<u><u>\$ 526,570</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Major Funds				Nonmajor Fund	Total	
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		
ASSETS							
Current assets:							
Equity in pooled cash	\$ 5,379,058	\$ 1,885,399	\$ 1,124,021	\$ 398,702	\$ 402,327	\$ 9,189,507	\$ 181,160
Investments	4,501,223	224,310	-	-	-	4,725,533	-
Restricted cash	-	-	48,048	-	-	48,048	-
Restricted investments	271,666	99,192	-	-	-	370,858	-
Accounts receivable, net	1,539,472	165,784	309,130	70,696	32,550	2,117,632	-
Due from other governments	-	-	1,087,936	-	-	1,087,936	-
Inventories	881,171	84,520	3,741	14	-	969,446	-
Due from other funds	149,469	-	-	-	-	149,469	-
Total current assets	<u>12,722,059</u>	<u>2,459,205</u>	<u>2,572,876</u>	<u>469,412</u>	<u>434,877</u>	<u>18,658,429</u>	<u>181,160</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable capital assets	1,050,040	440,020	10,795,094	-	-	12,285,154	-
Depreciable capital assets, net	14,405,281	7,064,864	6,545,209	395,175	572,798	28,983,327	62,544
Total noncurrent assets	<u>15,455,321</u>	<u>7,504,884</u>	<u>17,340,303</u>	<u>395,175</u>	<u>572,798</u>	<u>41,268,481</u>	<u>62,544</u>
Total assets	<u>\$ 28,177,380</u>	<u>\$ 9,964,089</u>	<u>\$ 19,913,179</u>	<u>\$ 864,587</u>	<u>\$ 1,007,675</u>	<u>\$ 59,926,910</u>	<u>\$ 243,704</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	<u>\$ 166,543</u>	<u>\$ 97,858</u>	<u>\$ 100,418</u>	<u>\$ 57,543</u>	<u>\$ 10,632</u>	<u>\$ 432,994</u>	<u>\$ 54,689</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 1,471,584	\$ 49,173	\$ 650,334	\$ 8,923	\$ 3,363	\$ 2,183,377	\$ 8,851
Deposits	665,659	78,567	61,032	42,745	-	848,003	-
Unearned revenue	184,201	-	-	-	-	184,201	-
Compensated absences	16,413	37,511	37,511	14,361	8,834	114,630	9,479
Payable from restricted assets:							
Current maturities on long-term debt	723,471	159,616	126,922	42,529	-	1,052,538	-
Accrued interest payable	39,657	16,816	5,151	155	-	61,779	-
Total current liabilities	<u>3,100,985</u>	<u>341,683</u>	<u>880,950</u>	<u>108,713</u>	<u>12,197</u>	<u>4,444,528</u>	<u>18,330</u>
Noncurrent liabilities:							
Bonds and notes payable, net	8,493,000	1,320,773	4,685,005	184,390	-	14,683,168	-
Compensated absences	38,298	87,524	87,524	33,510	20,613	267,469	22,116
Total OPEB liability	8,352	39,322	38,940	41,613	11,136	139,363	35,039
Net pension liability	226,290	132,966	136,441	78,187	14,446	588,330	74,308
Total noncurrent liabilities	<u>8,765,940</u>	<u>1,580,585</u>	<u>4,947,910</u>	<u>337,700</u>	<u>46,195</u>	<u>15,678,330</u>	<u>131,463</u>
Total liabilities	<u>\$ 11,866,925</u>	<u>\$ 1,922,268</u>	<u>\$ 5,828,860</u>	<u>\$ 446,413</u>	<u>\$ 58,392</u>	<u>\$ 20,122,858</u>	<u>\$ 149,793</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	<u>\$ 306,238</u>	<u>\$ 179,943</u>	<u>\$ 184,645</u>	<u>\$ 105,810</u>	<u>\$ 19,550</u>	<u>\$ 796,186</u>	<u>\$ 100,562</u>
NET POSITION							
Net investment in capital assets	\$ 6,238,850	\$ 6,024,495	\$ 12,528,376	\$ 168,256	\$ 572,798	\$ 25,532,775	\$ 62,544
Restricted for debt service	232,009	82,376	42,897	-	-	357,282	-
Restricted for system improvements	233,107	614,207	1,232,478	-	-	2,079,792	-
Unrestricted	9,466,794	1,238,658	196,341	201,651	367,567	11,471,011	(14,506)
Total net position	<u>\$ 16,170,760</u>	<u>\$ 7,959,736</u>	<u>\$ 14,000,092</u>	<u>\$ 369,907</u>	<u>\$ 940,365</u>	<u>39,440,860</u>	<u>\$ 48,038</u>
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds over time						48,038	
Net position, business-type activities						\$ 39,488,898	

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					Business-type Activities - Internal Service Funds	
	Major Funds				Nonmajor Fund		
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		
						Total	
Operating revenues							
Charges for services	\$ 13,349,040	\$ 1,936,261	\$ 3,232,602	\$ 812,631	\$ 670,525	\$ 20,001,059	\$ 470,658
Other revenues	151,221	12,069	20,240	103,795	-	287,325	-
Total operating revenues	13,500,261	1,948,330	3,252,842	916,426	670,525	20,288,384	470,658
Operating expenses							
Electric power expense	8,504,175	-	-	-	-	8,504,175	-
Personnel services	943,805	666,803	679,471	448,130	96,804	2,835,013	356,211
Billing and administrative	494,434	239,831	273,940	113,918	-	1,122,123	-
Contractual services	191,757	29,744	50,529	12,595	12,036	296,661	34,384
Utilities	9,097	149,293	168,245	7,687	-	334,322	-
Repairs and Maintenance	57,630	211,636	161,180	29,130	24,362	483,938	9,629
Materials and supplies	580,599	91,263	226,613	57,402	12,905	968,782	15,441
Insurance	32,222	23,844	-	5,924	-	61,990	1,100
Depreciation	920,442	554,269	710,606	127,500	89,525	2,402,342	8,200
Total operating expenses	11,734,161	1,966,683	2,270,584	802,286	235,632	17,009,346	424,965
Operating income (loss)	1,766,100	(18,353)	982,258	114,140	434,893	3,279,038	45,693
Nonoperating revenues (expenses)							
Interest earnings	5,566	1,097	742	519	-	7,924	-
Miscellaneous	65,449	578	-	(28,322)	-	37,705	-
Interest expense	(288,881)	(34,989)	(140,377)	(11,921)	-	(476,168)	-
Total nonoperating revenues (expenses)	(217,866)	(33,314)	(139,635)	(39,724)	-	(430,539)	-
Income (loss) before contributions and transfers	1,548,234	(51,667)	842,623	74,416	434,893	2,848,499	45,693
Capital contributions	16,131	77,670	138,000	-	-	231,801	-
Capital grants	-	97,074	4,678,753	-	-	4,775,827	-
Transfers out	(850,000)	(64,866)	(100,000)	(20,000)	-	(1,034,866)	-
Change in net position	714,365	58,211	5,559,376	54,416	434,893	6,821,261	45,693
Net position, beginning of year	15,456,395	7,901,525	8,440,716	315,491	505,472	32,619,599	2,345
Net position, end of year	\$ 16,170,760	\$ 7,959,736	\$ 14,000,092	\$ 369,907	\$ 940,365	\$ 39,440,860	\$ 48,038
Change in enterprise fund's net position						\$ 6,821,261	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						45,693	
Change in net position of business-type activities						\$ 6,866,954	

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Major Funds				Nonmajor Fund	Total	
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		
Cash flows from operating activities							
Cash received from customers	\$ 13,150,743	\$ 2,023,971	\$ 2,169,385	\$ 920,424	\$ 638,385	\$ 18,902,908	\$ 470,658
Cash paid to employees	(1,451,882)	(967,630)	(1,021,255)	(533,935)	(77,624)	(4,052,326)	(369,248)
Cash paid to suppliers	(9,145,822)	(527,727)	258,694	(125,327)	(48,685)	(9,588,867)	(70,255)
Net cash provided by (used in) operating activities	<u>2,553,039</u>	<u>528,614</u>	<u>1,406,824</u>	<u>261,162</u>	<u>512,076</u>	<u>5,261,715</u>	<u>31,155</u>
Cash flows from noncapital financing activities							
Transfers to other funds	(850,000)	(64,866)	(100,000)	(20,000)	-	(1,034,866)	-
Interfund loans	737,767	-	-	-	(46,108)	691,659	-
Net cash provided by (used in) noncapital financing activities	<u>(112,233)</u>	<u>(64,866)</u>	<u>(100,000)</u>	<u>(20,000)</u>	<u>(46,108)</u>	<u>(343,207)</u>	<u>-</u>
Cash flows from capital and related financing activities							
Capital contributions	-	77,670	138,000	-	-	215,670	-
Acquisition and construction of capital assets	(5,101,462)	(1,459,620)	(4,088,068)	(255,600)	(63,641)	(10,968,391)	-
Capital grants	-	80,532	4,094,327	-	-	4,174,859	-
Other receipts	65,449	578	-	-	-	66,027	-
Principal payments of long-term debt	(7,273,268)	(138,000)	(4,012,890)	(82,380)	-	(11,506,538)	-
Proceeds from issuance of long-term debt	9,791,000	156,951	2,323,165	255,600	-	12,526,716	-
Interest paid	(304,621)	(34,989)	(142,782)	(12,219)	-	(494,611)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,822,902)</u>	<u>(1,316,878)</u>	<u>(1,688,248)</u>	<u>(94,599)</u>	<u>(63,641)</u>	<u>(5,986,268)</u>	<u>-</u>
Cash flows from investing activities							
Interest received	5,566	1,097	742	519	-	7,924	-
Purchases of investments	(7,421)	(503)	-	-	-	(7,924)	-
Net cash provided by (used in) investing activities	<u>(1,855)</u>	<u>594</u>	<u>742</u>	<u>519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	<u>(383,951)</u>	<u>(852,536)</u>	<u>(380,682)</u>	<u>147,082</u>	<u>402,327</u>	<u>(1,067,760)</u>	<u>31,155</u>
Cash and cash equivalents, beginning of year	5,763,009	2,737,935	1,552,751	251,620	-	10,305,315	150,005
Cash and cash equivalents, end of year	<u>\$ 5,379,058</u>	<u>\$ 1,885,399</u>	<u>\$ 1,172,069</u>	<u>\$ 398,702</u>	<u>\$ 402,327</u>	<u>\$ 9,237,555</u>	<u>\$ 181,160</u>
Cash and cash equivalents classified as:							
Unrestricted	\$ 5,379,058	\$ 1,885,399	\$ 1,124,021	\$ 398,702	\$ 402,327	\$ 9,189,507	\$ 181,160
Restricted	-	-	48,048	-	-	48,048	-
Total cash and cash equivalents	<u>\$ 5,379,058</u>	<u>\$ 1,885,399</u>	<u>\$ 1,172,069</u>	<u>\$ 398,702</u>	<u>\$ 402,327</u>	<u>\$ 9,237,555</u>	<u>\$ 181,160</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 1,766,100	\$ (18,353)	\$ 982,258	\$ 114,140	\$ 434,893	\$ 3,279,038	\$ 45,693
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	920,442	554,269	710,606	127,500	89,525	2,402,342	8,200
Changes in assets and liabilities:							
Accounts receivable	(178,404)	(4,550)	(3,396)	(2,502)	(32,140)	(220,992)	-
Due from other governments	-	63,375	(1,087,936)	-	-	(1,024,561)	-
Inventories	(227,521)	(11,941)	(880)	(14)	-	(240,356)	-
Accounts payable and accrued liabilities	457,179	(10,006)	866,141	(12,575)	618	1,301,357	(9,701)
Deposits	23,423	-	7,875	6,500	-	37,798	-
Unearned revenue	(194,537)	16,816	-	-	-	(177,721)	-
Compensated absences	9,491	(49,390)	(49,390)	8,047	254	(80,988)	3,149
Net pension liability	(24,756)	(12,723)	(19,571)	19,344	18,784	(18,922)	(16,894)
Total OPEB liability	1,622	1,117	1,117	722	142	4,720	708
Net cash provided by (used in) operating activities	<u>\$ 2,553,039</u>	<u>\$ 528,614</u>	<u>\$ 1,406,824</u>	<u>\$ 261,162</u>	<u>\$ 512,076</u>	<u>\$ 5,261,715</u>	<u>\$ 31,155</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Pension Trust Fund
	<hr/>
ASSETS	
Cash and cash equivalents with trustee	\$ 25,021
	<hr/>
Investments, at fair value:	
Pooled Funds – Broad Market HQ	1,280,371
Pooled Funds – Core Plus Fixed Income	1,305,152
Pooled Funds – Equities	4,923,723
Pooled Funds – Core Real Estate	693,878
Total investments	<hr/> 8,203,124
	<hr/>
Total assets	<hr/> <hr/> \$ 8,228,145
	<hr/>
NET POSITION	
Restricted for pensions	<hr/> <hr/> \$ 8,228,145
	<hr/>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Police Pension Trust Fund
	<hr/>
Additions	
Contributions:	
Employer	\$ 194,908
Members	13,046
State	103,024
Total contributions	<hr/> 310,978 <hr/>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	1,308,368
Less: investment management fee	<hr/> (14,288)
Net investment income (loss)	1,294,080 <hr/>
Total additions	<hr/> 1,605,058 <hr/>
Deductions	
Member benefits	60,588
Administration fees	16,302
Total deductions	<hr/> 76,890 <hr/>
Change in net position	<hr/> 1,528,168 <hr/>
Net position restricted for pensions, beginning of year	6,699,977
Net position restricted for pensions, end of year	<hr/> \$ 8,228,145 <hr/>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) Summary of Significant Accounting Policies:

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

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

As required by U.S. generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units, if any, would also be presented. Component units are entities for which a primary government is considered to be financially accountable. The City has no component units.

(b) **Basis of presentation**—The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are hereafter described.

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

The City reports the following enterprise funds:

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

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

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

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

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

The City reports the following fiduciary fund:

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

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

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

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

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

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

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

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

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

Committed—this component of fund balance consists of amounts that can only be used for the specific purposes determined by a formal action of the City Council’s highest level of decision-making authority (i.e., by ordinance). These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action employed to constrain those amounts.

Assigned—this component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The City Council has not formally delegated this authority. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

Unassigned—this classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

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

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

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

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

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

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

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

(n) **Deferred inflows and outflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category is deferred amounts related to pension, as discussed further in Note (8).

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is deferred inflows of resources related to pensions, as discussed further in Note (8).

(o) **Property taxes**—The Clay County Tax Collector bills and collects property taxes for the City. At September 30, 2021, the property taxes receivable were not material.

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

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

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

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

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

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

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

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

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

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

(3) **Deposits and Investments:**

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

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

The City invests temporarily idle resources in Certificates of Deposit and the Local Government Investment Pool (State Pool). The State Pool is administered by the Florida Prime Investment Pool, who provides regulatory oversight. Florida Prime Investment Pool (Florida PRIME) is similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

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

The City's investment policy does not formally address the risks noted above.

The City's investments consisted of the following at September 30, 2021:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>	<u>Credit Risk</u>
Florida PRIME	\$ 6,726,174	64 days	AAAm(S&P)

Police Officers' Retirement Trust Fund Investment Portfolio

The Police Officers' Retirement Trust Fund (the Plan) has adopted an investment policy which authorizes the pension manager to invest in equities, fixed income investments, money market funds, and pooled funds.

The Plan is subject to using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

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

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating (Fitch)</u>	<u>Fair Value Hierarchy Classification</u>
Pooled Funds –Broad Market HQ	\$ 1,280,371	6.30	AAf/S4	Level 2
Pooled Funds – Core Plus Fixed Income	1,305,152	8.21	NR	Level 3
Pooled Funds – Equities	4,923,234	N/A	NR	Level 2
Pooled Funds – Core Real Estate	693,878	N/A	NR	Level 3
Cash	25,021	N/A	NR	N/A
Total Portfolio	<u>\$ 8,228,145</u>			

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(3) Deposits and Investments: (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plan require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2021, all investments were held in cash or other assets that could be liquidated at any time.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. All investments are rated within the investment policy guidelines at September 30, 2021.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Police Pension trust fund policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company. At September 30, 2021, the investment portfolios met these limitations.

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

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At September 30, 2021, the investment portfolio had no foreign investments.

(4) Interfund Balances and Transfers:

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. Individual fund interfund receivables and payables was comprised of amount due to the electric fund of \$149,469 from the disaster fund.

The following is a summary of interfund transfers made during the 2021 fiscal year:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,034,866	\$ (241,635)
Nonmajor Governmental Funds	241,635	-
Electric Fund	-	(850,000)
Water Fund	-	(64,866)
Sewer Fund	-	(100,000)
Solid Waste Fund	-	(20,000)
Totals	<u>\$ 1,276,501</u>	<u>\$ (1,276,501)</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(5) Receivables:

Receivables as of year-end include the applicable allowances for uncollectible accounts. The allowance for uncollectible accounts in the electric, water, and sewer utility fund was \$80,000, \$19,866, and \$13,419, respectively. No other funds had an allowance for uncollectible accounts recorded at September 30, 2021.

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 8,062,781	\$ -	\$ -	\$ 8,062,781
Construction in progress	272,718	376,032	(272,718)	376,032
Total capital assets, not being depreciated	<u>8,335,499</u>	<u>376,032</u>	<u>(272,718)</u>	<u>8,438,813</u>
Capital assets, being depreciated –				
Buildings	12,390,692	1,209,650	(56,754)	13,543,588
Improvements	7,997,183	256,924	-	8,254,107
Machinery and equipment	3,496,187	389,626	(191,208)	3,694,605
Infrastructure	9,822,947	34,990	-	9,857,937
Total capital assets, being depreciated	<u>33,707,009</u>	<u>1,891,190</u>	<u>(247,962)</u>	<u>35,350,237</u>
Less accumulated depreciation for–				
Total accumulated depreciation	<u>(14,174,404)</u>	<u>(1,623,715)</u>	<u>177,853</u>	<u>(15,620,266)</u>
Total capital assets, being depreciated, net	<u>19,532,605</u>	<u>267,475</u>	<u>(70,109)</u>	<u>19,729,971</u>
Governmental activities capital assets, net	<u><u>\$ 27,868,104</u></u>	<u><u>\$ 643,507</u></u>	<u><u>\$ (342,827)</u></u>	<u><u>\$ 28,168,784</u></u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 227,136	\$ -	\$ -	\$ 227,136
Construction in progress	8,261,695	3,796,323	-	12,058,018
Total capital assets, not being depreciated	<u>8,488,831</u>	<u>3,796,323</u>	<u>-</u>	<u>12,285,154</u>
Capital assets, being depreciated –				
Electric Transmission and Distribution				
Plant	23,451,669	3,845,752	-	27,297,421
Water/Wastewater Treatment Plant	9,544,942	-	(3,623)	9,541,319
Water/Wastewater Pumping and				
Collection Plant	17,697,817	1,531,063	-	19,228,880
General Plant and Equipment	10,136,109	1,811,384	(172,001)	11,775,492
Total capital assets, being depreciated	<u>60,830,537</u>	<u>7,188,199</u>	<u>(175,624)</u>	<u>67,843,112</u>
Less accumulated depreciation for –				
Total accumulated depreciation	<u>(36,534,001)</u>	<u>(2,410,542)</u>	<u>147,302</u>	<u>(38,797,241)</u>
Total capital assets, being depreciated, net	<u>24,296,536</u>	<u>4,777,657</u>	<u>(28,322)</u>	<u>29,045,871</u>
Business-type activities capital assets, net	<u><u>\$ 32,785,367</u></u>	<u><u>\$ 8,573,980</u></u>	<u><u>\$ (28,322)</u></u>	<u><u>\$ 41,331,025</u></u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(6) Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 470,794
Public safety	189,054
Transportation	422,098
Physical environment	16,217
Culture and recreation	525,552
	<u>\$ 1,623,715</u>
Total depreciation expense - governmental activities	
Business-type activities:	
Electric	\$ 920,442
Water	554,269
Sewer	710,606
Solid Waste	127,500
Internal Service	8,200
Stormwater	89,525
	<u>\$ 2,410,542</u>
Total depreciation expense - business-type activities	

(7) Long-Term Obligations:

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
Sales Tax Revenue Note					
Series 2016A	\$ 911,000	\$ -	\$ (146,000)	\$ 765,000	\$ 148,000
Series 2016B	788,000	-	(64,000)	724,000	65,000
Total bonds and notes payable	1,699,000	-	(210,000)	1,489,000	213,000
Compensated absences	510,306	408,098	(399,825)	518,579	155,574
Governmental activities –					
Total long-term liabilities	<u>\$ 2,209,306</u>	<u>\$ 408,098</u>	<u>\$ (609,825)</u>	<u>\$ 2,007,579</u>	<u>\$ 368,574</u>
Business-type activities:					
Bonds and notes payable	\$ 14,715,528	\$ 12,526,716	\$ (11,506,538)	\$ 15,735,706	\$ 1,052,538
Compensated absences	491,533	154,139	(231,978)	413,694	124,109
Business-type activities –					
Total long-term liabilities	<u>\$ 15,207,061</u>	<u>\$ 12,680,855</u>	<u>\$ (11,738,516)</u>	<u>\$ 16,149,400</u>	<u>\$ 1,176,647</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(7) Long-Term Obligations: (Continued)

Bonds and notes payable in the City's business-type activities at September 30, 2021, were comprised of the following obligations:

\$236,389 - 2020 Drinking Water SRF Loan, for improvements to the City's water system. The loan is payable in semi-annual installments of \$10,030 (including interest of 1.71%) through July 15, 2031. This loan is payable from and secured by the net revenues of the City's water utility system.	\$ 236,389
\$1,500,000- 2019 Water System Revenue Note, for improvements to the City's water system. The loan is payable in increasing semi-annual installments (including interest of 2.63%) through April 1, 2029. This loan is payable from and secured by the net revenues of the City's water utility system.	1,244,000
\$5,745,419 - 2019 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in increasing semi-annual installments of \$43,329 and a \$4,013,219 grant recognized in the year ended September 30, 2020 (including interest of 0.59%) through June 15, 2040. This loan is payable from and secured by the net revenues of the City's wastewater utility system.	1,770,783
\$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.	9,190,000
\$44,006 - 2016 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$1,427 (including interest of 2.29%) through September 15, 2036. This loan is payable from and secured by the net revenues of the City's wastewater utility system.	36,066
\$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.	681,913
\$7,547,165 - 2020 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$194,679 (including interest of 0.00%) beginning on August 15, 2023 until all amounts due have been fully paid. This loan is payable from and secured by the net revenues of the City's wastewater utility system.	2,323,165
\$343,475 - 2016 Note for financed equipment purchases. Payable in monthly installments of \$2,346 (including interest of 3.40-3.45%) beginning March 1, 2016 through February 1, 2022.	26,471
\$150,911 - 2017 Note for financed equipment purchases. Payable in semiannual installments of \$18,712 (including interest of 4.50%) beginning July 24, 2017 through January 24, 2022.	18,300
\$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.	208,619
Total bonds and notes payable – business-type activities	<u><u>\$ 15,735,706</u></u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(7) Long-Term Obligations: (Continued)

Bonds and notes payable in the City's governmental activities at September 30, 2021, were comprised of the following obligations:

\$1,470,000 - Refunding Revenue Note, Series 2016A, refunded Sales Tax Revenue Note, Series 2013, which was issued for the construction of the City's new police station and emergency operations center. The note is payable in semi-annual installments of \$80,513 (including interest of 1.63%) beginning January 1, 2017 through July 1, 2026. This note is payable from and secured solely by Sales Tax Revenue and Communication Service Tax Revenue. The approximate amount of this pledge is equal to the remaining principal and interest payments. \$ 765,000

\$1,030,000 - Revenue Note, Series 2016B, for the construction of the City's Spring Park Project. The note is payable in semi-annual installments of \$40,103 (including interest of 2.25%) beginning January 1, 2017 through July 1, 2031. This note is payable from and secured solely by Sales Tax Revenue and Communication Service Tax Revenue. The approximate amount of this pledge is equal to the remaining principal and interest payments. 724,000

Total bonds and notes payable – governmental activities \$ 1,489,000

The annual requirements to amortize notes payable as of September 30, 2021, are as follows:

Governmental Activities

Year Ending September 30,	Principal	Interest	Total
2022	\$ 213,000	\$ 27,796	\$ 240,796
2023	218,000	23,883	241,883
2024	221,000	19,906	240,906
2025	225,000	15,870	240,870
2026	230,000	11,742	241,742
2027-2031	382,000	24,019	406,019
Total	<u>\$ 1,489,000</u>	<u>\$ 123,216</u>	<u>\$ 1,612,216</u>

Business-type Activities

Year Ending September 30,	Principal	Interest	Total
2022	\$ 1,052,538	\$ 230,741	\$ 1,283,280
2023	1,249,084	195,036	1,444,120
2024	1,462,081	176,020	1,638,102
2025	1,482,498	156,622	1,639,120
2026	1,474,437	136,792	1,611,229
2027-2031	6,168,702	410,682	6,579,384
2032-2036	2,349,241	60,280	2,409,521
2037-2040	497,125	5,876	503,001
Total	<u>\$15,735,706</u>	<u>\$ 1,372,049</u>	<u>\$ 17,107,757</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

A. Florida Retirement System

Plan Description and Administration

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

Financial Statements

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

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

Contributions

The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Class	3.00%	10.82%
Elected Officials	3.00%	51.42%
Senior Management	3.00%	29.01%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

For the plan year ended June 30, 2021, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 329,653
Entity Contributions – HIS	56,523
Employee Contributions – FRS	102,151

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

At September 30, 2021, the City reported a liability of \$1,833,216 for its proportionate share of the net pension liability, \$653,657 related to FRS and \$1,179,559 to HIS. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2021 and June 30, 2020, the City's FRS proportion was 0.008653284% and 0.008169725% respectively. At June 30, 2021 and June 30, 2020, the City's HIS proportion was 0.009616089% and 0.009446086%, respectively. For the year ended September 30, 2021, the City's recognized pension expense of \$50,033 from FRS and \$111,598 from HIS, for a grand total of \$161,631.

Deferred outflows/inflows related to pensions:

At September 30, 2021, 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	\$ 112,038	\$ -	\$ 39,471	\$ (494)
Changes of assumptions	447,265	-	92,687	(48,601)
Net difference between projected and actual investment earnings	-	(2,280,446)	1,230	-
Change in City's proportionate share	342,146	(113,991)	173,179	(37,362)
Contributions subsequent to measurement date	121,942	-	19,240	-
	<u>\$ 1,023,391</u>	<u>\$ (2,394,437)</u>	<u>\$ 325,807</u>	<u>\$ (86,457)</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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2022	\$ (262,168)	\$ 52,196	\$ (209,972)
2023	(300,646)	28,106	(272,540)
2024	(412,224)	47,511	(364,713)
2025	(540,228)	48,546	(491,682)
2026	22,278	36,207	58,485
Thereafter	-	7,544	7,544
Total	<u>\$ (1,492,988)</u>	<u>\$ 220,110</u>	<u>\$ (1,272,878)</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2003, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 2,923,199	\$ 653,657	\$ (1,243,425)
HIS	2.16%	1,363,683	1,179,559	1,028,708

B. Retirement Plan for the Police Officers of the City of Green Cove Springs (The Plan)

Plan Description and Administration

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

Benefits Provided and Employees Covered

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. No cost of living adjustments 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, 2021:

Inactive participants	20
Active participants	22
Retired participants	<u>3</u>
Total current membership	<u><u>45</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.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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, 2020 actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to contribute a payment which represents annual normal cost plus amortization of the unfunded actuarial accrued liability over various periods as prescribed by law. The City's contributions (and if applicable, any liquidations of a net pension liability) to the Plan are funded by the General Fund.

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

Contributions to the Plan for the year ended September 30, 2021, were as follows:

Employee contributions	\$ 13,046
City contributions	194,908
State contributions	<u>103,024</u>
Total contributions	<u><u>\$ 310,978</u></u>

Investment Policy

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

Net Pension Liability (Asset)

The components of the net pension liability (asset) for the Plan at September 30, 2021, was as follows:

Total pension liability	\$ 6,066,532
Plan fiduciary net position	<u>(8,228,145)</u>
Net pension liability (asset)	<u><u>\$ (2,161,613)</u></u>
Plan fiduciary net position as percentage of total pension liability	135.63%

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2020, with a measurement date of September 30, 2021, using the following actuarial assumptions to all measurement periods.

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

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

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Core Bonds	15.0%	1.60%
Core Plus	15.0%	2.10%
Large Cap Equity	25.0%	4.60%
Small Cap Equity	14.0%	5.50%
Foreign Equity	21.0%	6.70%
Core Real Estate	10.0%	5.00%
Total	<u>100.00%</u>	4.28%

Discount rate:

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Changes in net pension liability (asset):

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a – b)
Beginning Balance	\$ 5,754,884	\$ 6,699,977	\$ (945,093)
Changes for year:			
Service cost	371,283	-	371,283
Expected investment growth	426,875	476,561	(49,686)
Unexpected investment growth	-	831,807	(831,807)
Demographic experience	(314,632)	-	(314,632)
Contributions – employer/state	-	297,932	(297,932)
Contributions – employee	-	13,046	(13,046)
Benefit payments, including refunds	(60,588)	(60,588)	-
Assumption changes	(111,290)	-	(111,290)
Administrative expenses	-	(30,590)	30,590
Net changes	311,648	1,528,168	(1,216,520)
Ending Balance	<u>\$ 6,066,532</u>	<u>\$ 8,228,145</u>	<u>\$ (2,161,613)</u>

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

The following presents the net pension liability (asset) of the City calculated using the current discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

City's Net Pension Liability (Asset)	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Municipal Police Officers' Retirement Trust Fund	(1,123,891)	(2,161,613)	(2,995,257)

Money-weighted rate of return:

For the year ended September 30, 2021, the annual money-weighted rate of return on Plan investments, net of pension plan investment expense was as follows:

Annual money-weighted rate of return	17.53%
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The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,802	\$ (1,068,770)
Changes of assumptions	453,217	(99,513)
Net different between projected and actual investment earnings	-	(619,675)
	<u>\$ 555,019</u>	<u>\$ (1,787,958)</u>

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

	Police
2022	\$ (192,940)
2023	(189,086)
2024	(206,247)
2025	(211,350)
2026	(44,984)
Thereafter	(388,332)
Total	<u>\$ (1,232,939)</u>

For the year ended September 30, 2021, the City recognized pension expense related to the Police, FRS and HIS plans as follows:

Plan	Pension Expense
Police	\$ 94,578
FRS	50,033
HIS	111,598
Total	<u>\$ 256,209</u>

C. Other Post-Employment Benefits (OPEB)

The City of Green Cove Springs, Florida Post-Employment Benefits Plan is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

Plan Membership—At October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	94
Inactive Employees	5
	<u>99</u>

Total OPEB Liability—The City's total OPEB liability of \$560,786 was measured as of September 30, 2021, and was determined by an actuarial valuation as of that date utilizing the Alternative Measurement Method for small plans as permitted under GASB 75.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	2.43%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. 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. For all lives, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Changes in the total OPEB liability for the fiscal year ended September 30, 2021, were as follows:

Balance at September 30, 2020	\$ 547,014
Changes for a year:	
Service cost	56,633
Interest	12,530
Differences between expected and actual experience	-
Changes of assumptions	(18,956)
Benefit payments	<u>(36,435)</u>
Net changes	<u>13,772</u>
Balance at September 30, 2021	<u><u>\$ 560,786</u></u>

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

The following presents the total OPEB liability of the City calculated using the discount rate of 2.43%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.43%) or 1% higher (3.43%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 630,299	\$ 560,786	\$ 501,926

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.00%-6.50%) or 1% higher (5.00%-8.50%) than the current healthcare cost trend rates (4.00%-7.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 485,567	\$ 560,786	\$ 652,393

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$51,757. At September 30, 2021, the City reported no deferred outflows of resources and no deferred inflows of resources related to OPEB. Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(9) Self-Insurance Program:

The City is exposed to risks for losses related to health and other medical benefits it provides to its employees. A self-insurance program was created October 1, 2020 to handle these risks. The Self Insurance was established to account for medical insurance claims of City employees and their covered dependents. Commercial insurance for specific loss claims in excess of \$75,000 is provided by Gerber Life Insurance at an aggregate monthly factor per participating employee based on their election. The City has a minimum aggregate deductible of approximately \$915,000 and a maximum aggregate benefit of \$1,000,000 in excess of the minimum aggregate deductible. The City has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing, and paying claims. All claims are handled by Preferred Benefit Administrators, the third-party administrator. All funds of the City which carry employees participate in the program and make payments to the General Fund based on estimates of the amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2021, the City reported a liability of \$34,870 in the general fund to account for Incurred but Not Reported Claims (IBNR).

Changes in the claims liability amount for the year-ended September 30, 2021 were:

Unpaid claims, beginning of fiscal year	\$ -
Incurred (closed) claims (including IBNRs)	1,329,649
Claim payments	<u>(1,294,779)</u>
Unpaid claims, end of fiscal year	<u>\$ 34,870</u>

(10) 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, 2021, FMPA has 31 members, including the City. One of FMPA's responsibilities is to develop electric projects and offer participation therein to its members. Its members individually determine in which project or projects they wish to participate. FMPA is governed by a Board of Directors on which the City is represented. The City, by agreement, has no equity interest in any of the assets owned by FMPA, or any obligation for liabilities of the Agency. FMPA does not constitute a joint venture nor does it meet the criteria for inclusion in the City's reporting entity.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(10) Power Supply Agreements: (Continued)

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, 2021, the total outstanding amount related to the St. Lucie Project is \$84,285,000. The City is contingently liable for 1.757% of the total amount of outstanding debt, (approximately \$1,480,887) at September 30, 2021. 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 2021 were \$760,522.

All Requirements Power Supply Agreement

On February 12, 1985, the City, along with several other municipalities (the project participants), entered into separate agreements with FMPA, whereby FMPA agreed to sell and deliver to the project participants, and the project participants agreed to purchase and receive from FMPA, all electric capacity and energy which the project participants shall require (excluding St. Lucie) for the operation of their municipal electric systems. The City has given FMPA notice pursuant to Section 2 of the All-Requirements Power Supply Contract that the term of their contract will not renew automatically each year after the initial contract term. The term of the contract is now fixed and will terminate on October 1, 2037. Effective December 31, 2014, the City has issued a Contract Rate of Delivery (CROD) notice to FMPA. This notice will fix capacity of power being provided by FMPA to the City within a five-year time frame. The fixed capacity was placed into effect January 1, 2020, and will be determined by measurement of the peak demand of the City during the 12 months preceding the date one month prior to the effective date of CROD.

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.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Power rates are determined by the Board, subject to the approval of the project participants, but must be sufficient to meet FMPA's revenue requirements. Charges to the City are payable solely from utility revenues and in no way can FMPA compel the City to exercise its taxing power. Total costs under this contract during 2021 were \$7,743,653.

(11) **Contingencies:**

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

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2021, no amounts have been accrued.

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

(12) **Uncertainty:**

Subsequent to September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Company as of April 27, 2022, management believes that an impact on the City's financial position and results of future operations is reasonably possible.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(13) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2021, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
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 of assumptions	(18,956)	14,787	31,216	(27,170)
Benefit payments	<u>(36,436)</u>	<u>(37,802)</u>	<u>(40,776)</u>	<u>(37,495)</u>
Net change in total OPEB liability	13,771	945	47,777	(8,139)
Total OPEB liability – beginning	<u>547,014</u>	<u>546,069</u>	<u>498,292</u>	<u>506,431</u>
Total OPEB liability – ending	<u><u>\$ 560,785</u></u>	<u><u>\$ 547,014</u></u>	<u><u>\$ 546,069</u></u>	<u><u>\$ 498,292</u></u>
 Covered employee payroll	 \$ 4,205,268	 \$ 4,102,700	 \$ 3,399,116	 \$ 3,316,211
Total OPEB liability as a percentage of covered employee payroll	13.34%	13.33%	16.07%	15.03%

Valuation date: 10/01/2019

Covered Payroll:

Covered payroll is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions.

Changes of assumptions:

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

2021	2.43%
2020	2.14%
2019	3.58%
2018	4.18%
2017	3.64%

Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

City of Green Cove Springs, Florida

Required Supplementary Information (unaudited)

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

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

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

City of Green Cove Springs, Florida

Required Supplementary Information (unaudited)

Schedules of Police Officers' Pension Plan Contributions

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2021	\$ 260,971	\$ 297,932	\$ (36,961)	\$ 1,244,041	23.95%
2020	303,449	353,468	(50,019)	1,257,127	28.12%
2019	357,671	357,976	(305)	1,014,137	35.30%
2018	302,438	302,006	432	1,014,137	29.78%
2017	276,728	275,607	1,121	1,015,500	27.14%
2016	230,927	226,777	4,150	795,911	28.49%
2015	203,387	203,965	(578)	744,678	27.39%
2014	188,250	193,375	(5,125)	693,444	27.89%
2013	231,594	231,594	-	706,372	32.79%
2012	218,682	218,682	-	719,300	30.40%

Notes to Schedule:

Valuation Date: 10/1/2020

Methods and assumptions used to determine contribution rates:

Funding Method: Aggregate Method (Level Percentage)
 Amortization Method: Level Percentage
 Remaining Amortization Period: 30 years
 Asset Valuation Method: Market value
 Inflation: 2.77% per year
 Salary Increases: 4.00% per year
 Interest Rate: 7.00% per year
 Cost-of-living Adjustments: 1.50%

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

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

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

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

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

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

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

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

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

SUPPORTING SCHEDULES

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Disaster Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ 580,326	\$ 25,614	\$ 27,166	\$ 674,828	\$ 1,307,934
Due from other governments	61,275	-	-	-	-	61,275
Total assets	<u>\$ 61,275</u>	<u>\$ 580,326</u>	<u>\$ 25,614</u>	<u>\$ 27,166</u>	<u>\$ 674,828</u>	<u>\$ 1,369,209</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 13	\$ 43,801	\$ -	\$ -	\$ 70,000	\$ 113,814
Due to other funds	149,469	-	-	-	-	149,469
Total liabilities	<u>149,482</u>	<u>43,801</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>263,283</u>
FUND BALANCES						
Restricted for:						
Public safety	-	-	25,614	-	-	25,614
Building department	-	536,525	-	-	-	536,525
Assigned to:						
Capital improvements	-	-	-	27,166	604,828	631,994
Unassigned	(88,207)	-	-	-	-	(88,207)
Total fund balances (deficit)	<u>(88,207)</u>	<u>536,525</u>	<u>25,614</u>	<u>27,166</u>	<u>604,828</u>	<u>1,105,926</u>
Total liabilities and fund balances (deficit)	<u>\$ 61,275</u>	<u>\$ 580,326</u>	<u>\$ 25,614</u>	<u>\$ 27,166</u>	<u>\$ 674,828</u>	<u>\$ 1,369,209</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds			Capital Project Fund	Capital Project Fund	
	Disaster Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES						
Permits and fees	\$ -	\$ 213,506	\$ -	\$ -	\$ -	\$ 213,506
Total revenues	-	213,506	-	-	-	213,506
EXPENDITURES						
Current:						
General government	-	328,954	-	-	-	328,954
Public safety	-	-	12,648	-	-	12,648
Capital outlay	-	46,250	-	-	-	46,250
Debt service:						
Principal retirement	-	-	-	146,000	64,000	210,000
Interest and fiscal charges	-	-	-	14,254	17,381	31,635
Total expenditures	-	375,204	12,648	160,254	81,381	629,487
Excess (deficiency) of revenues over expenditures	-	(161,698)	(12,648)	(160,254)	(81,381)	(415,981)
Other financing sources (uses)						
Transfers in	-	-	-	160,254	81,381	241,635
Total other financing sources (uses)	-	-	-	160,254	81,381	241,635
Net change in fund balances (deficit)	-	(161,698)	(12,648)	-	-	(174,346)
Fund balances (deficit), beginning of year	(88,207)	698,223	38,262	27,166	604,828	1,280,272
Fund balances (deficit), end of year	<u>\$ (88,207)</u>	<u>\$ 536,525</u>	<u>\$ 25,614</u>	<u>\$ 27,166</u>	<u>\$ 604,828</u>	<u>\$ 1,105,926</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal/ State Agency Pass-Through Entity Federal Program/ State Project	Assistance Listing/ CSFA Number	Contract/Grant Number	Expenditures
<u>FEDERAL AGENCY</u>			
Department of Justice			
Direct:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2021-JAGD-CLAY-1-4R-041	\$ 1,672
COVID-19 - 2020 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CESF-CLAY-1-C9-083	48,929
Total Department of Justice			50,601
Department of Transportation			
Direct:			
Florida Department of Transportation Local Agency Program	20.205	D218-078-B	664
Total Department of Transportation and Highway Planning and Construction Cluster			664
Department of Treasury			
Passed through the County of Clay:			
COVID-19 - Coronavirus Relief Fund - Public Safety Salaries	21.019	Interlocal Agreement	335,144
Total U.S. Department of Treasury			335,144
Environmental Protection Agency			
Passed through State of Florida, Department of Environmental Protection:			
Capitalization Grants for Drinking Water State Revolving Fund - Loan	66.468	DW 100102	155,062
Capitalization Grants for Drinking Water State Revolving Fund - Grant	66.468	DW 100102	98,963
Total Environmental Protection Agency and Drinking Water State Revolving Fund Cluster			254,025
Department of the Interior			
Passed through State of Florida, Department of Environmental Protection:			
Land and Water Conservation Fund Program (Grant No. LW681)	15.916	Project No. 12-00681	160,721
Total Department of the Interior			160,721
Department of Homeland Security			
Passed through State of Florida, Division of Emergency Management:			
Hazard Mitigation Grant Program-Generator Project for 17 Lift Stations	97.039	FEMA-DR-4337-FL	333,578
Hazard Mitigation Grant Program-Generator Project For Lift Station #3	97.039	FEMA-DR-4337-FL	23,007
Hazard Mitigation Grant Program-Generator Project For Lift Station #6	97.039	FEMA-DR-4337-FL	23,846
Total Department of Homeland Security			380,431
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,181,586
<u>STATE AGENCY</u>			
Florida Department of Environmental Protection			
Direct:			
Wastewater Treatment Facility Construction	37.077	WW100420/SG100421	\$ 2,323,165
SJRWMD Cost-Share Funding Program	37.066	Contract No. 36028	285,103
Small Community Wastewater Facility Grant	37.075	WW100402/SG100403	4,013,219
Total Florida Department of Environmental Protection			6,621,487
Florida Department of Economic Opportunity			
Direct:			
Growth Management Implementation	40.024	P0402	40,000
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 6,661,487

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

(1) Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant awards and state financial assistance activity of the City of Green Cove Springs, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Summary of Significant Accounting Policies:

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

(3) De Minimis Indirect Cost Rate Election:

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

(4) Subrecipients:

During the year ended September 30, 2021, the City provided no federal awards to subrecipients.

(5) Contingency:

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major Federal programs:

Assistance Listing Number	Program Name
21.019	Coronavirus Relief Fund
97.039	Hazard Mitigation Program (HMGP)

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

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

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Dollar threshold used to distinguish between Type A
and Type B State projects:

\$750,000

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
37.077	Wastewater Treatment Facility Construction
37.075	Small Community Wastewater Facility Grant

B. Financial Statement Findings:

2021-001 Self-Insurance Program

Condition: The self-insurance general ledger accounts required adjustments in order to be in compliance with generally accepted accounting principles in the United States of America. Additionally, we noted the City did not have formalized internal controls designed and implemented for recording participant health insurance elections.

Criteria: Balances and transactions are to be reconciled to supporting documentation obtained from a Third-Party Administrator (TPA) in order ensure accurate and complete self-insurance activity is reported, including claims incurred before the City's fiscal year-end but not recorded (IBNR). Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error.

Cause: Being the initial year of the self-insurance program, the City's Human Resource (HR) and Accounting departments were still learning about self-insurance programs, and developing best practices regarding reconciliations and internal controls for personnel documentation. Because these processes were not fully implemented, and the same individual in the HR department was entering participant elections and submitting payroll, misstatements could occur.

Effect: Understatement of liabilities and expenditure/expense account balances at the City's fiscal year-end if audit adjustments of approximately \$182,000 had not been proposed. Improper participant elections could be submitted.

Recommendation: We recommend the City obtain the necessary support from the TPA to ensure accurate and complete self-insurance activity is reported, including IBNR. We also recommend the City establish formalized internal controls which are designed and implemented to ensure proper recording of participant health insurance elections and proper segregation of duties over self-insurance processes.

2021-002 Building Department Software Implementation and Segregation of Duties

Condition: We noted a lack of segregation of duties within the City's Building Department related to the following:

- (a) The Planning and Zoning Director, Planning Technician, and Building Assistant had unlimited rights and access to the software system, including the ability to create new users and change system access levels of existing users, create and edit new customers, and amend rates.
- (b) Multiple deletions/voided transactions related to building permits for which supporting documentation was unavailable.

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

(c) During our transaction testing related to building permit and cash receipts, we noted the City could not provide a listing of open transactions within SmartGov for which a payment was initiated online by the customer but not completed.

(d) While account reconciliations were being performed when importing the SmartGov data into the City's financial accounting software, there was no documentation of the preparation or review of those reconciliations.

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. An ideal system of internal controls would segregate cash collections from posting of accounting records.

Cause: Being the initial year using the City's standalone building department software, the City's building department was still learning about the new software, and developing best practices regarding internal controls over the new software. The size of the City's building department staff precludes certain preferred internal controls, including the individual responsible for performing reconciliations not having access to cash collections.

Effect: Errors or material misstatements in the financial statements, or misappropriation of assets may exist and not be detected.

Recommendation: We recommend the following:

(a) To establish stronger overall controls and limit the potential for unauthorized changes, full access should be given to only one key user and access for other users be limited areas needed to perform their job responsibilities.

(b) Implement an approval process for all deletions/voids before they can be made. Additionally, maintain documentation for the reason the deletion/void was made along with the necessary approval.

(c) Implement auditable record keeping for all transactions processed through SmartGov software to ensure completeness. Open transactions in the software should be removed/voided if the transaction is not expected to be completed.

(d) Implement controls for importing financial data from SmartGov into the City's financial accounting software. The preparer should document his/her preparation (Bldg. Dept.) and the reviewer should document his/her review of any account reconciliations (Financial Analyst). This could be accomplished with a sign-off on the reconciliation and journal entry listing prior to posting transactions to the general ledger.

2021-003 Revenue and Expenditure/Expense Adjustments

Condition: We proposed and management recorded two adjustments related to revenue and expenditure/expense accounts in order to be in compliance with generally accepted accounting principles in the United States of America. Approximately \$130,000 was to properly record interest, loan fees and grant revenue, and related expenses were added to the Schedule of Federal Awards (SEFA). Approximately \$136,000 was to properly record the State pension contribution in the general fund.

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

Effect: Misstatements of the general ledger account balances at year-end if the audit adjustments had not been proposed. Additionally, the expenses on the Schedule of Federal Awards (SEFA) would have been inaccurately reported.

Recommendation: While the City is performing reconciliations of all transactions, both monthly to ensure completeness and accuracy, as well as at year-end to reconcile all account balances to the supporting documentation, certain items did not agree to supporting documentation provided by the third parties. We recommend the City contact these third parties and obtain disaggregated information to ensure the City's general ledger agrees to the detailed data maintained by third parties.

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

No findings and questioned costs were noted.

D. Summary Schedule of Prior Audit Findings:

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects.

E. Corrective Action Plan:

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



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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Green Cove Springs, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2021. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and Major State Project

In our opinion, the City complied, in all material respects, with the 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, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Daytona Beach, Florida
April 27, 2022

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green Cove Springs, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2022.

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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify three deficiencies in internal control (2021-001, 2021-002, 2021-003), described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies.

Compliance and Other Matters

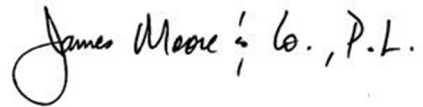
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

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

Purpose of this Report

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

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

Daytona Beach, Florida
April 27, 2022



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

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

Report on the Financial Statements

We have audited the basic financial statements of City of Green Cove Springs, Florida (the City), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 27, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.550; schedule of findings and questioned costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 27, 2022, 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. We noted no prior year recommendations.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific

conditions met. In connection with our audit, we determined that the City, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires us to address in the management letter any recommendations to improve financial management. In connection with our audit, see the following recommendations.

2021-004 Pension Census Data: During our police pension data testing, we noted that 4 of 32 hire dates and 1 of 32 birth dates were incorrectly reported for participant data submitted to the actuary. We recommend a formal review process be implemented and performed by the City to ensure actuaries are provided with accurate and complete information.

Special District Component Units

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

Additional Matters

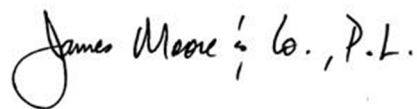
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the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

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

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

Purpose of this Letter

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



Daytona Beach, Florida
April 27, 2022

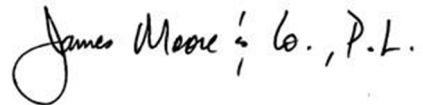
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the City of Green Cove Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. 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 with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of Green Cove Springs, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Daytona Beach, Florida
April 27, 2022



City of Green Cove Springs

City of Green Cove Springs
Phone: (904) 297-7500

321 Walnut Street
Fax: (904) 284-2718

Green Cove Springs, Florida 32043
www.greencovesprings.com

April 27, 2022

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 James Moore & Co., P.L., CPAs for the period October 1, 2020 to September 30, 2021.

2021-001 Self-Insurance Program:

Auditor's Comment:

The self-insurance general ledger accounts required adjustments in order to be in compliance with generally accepted accounting principles in the United States of America. Additionally, we noted the City did not have formalized internal controls designed and implemented for recording participant health insurance elections.

Management's Response:

The City implemented a Self-Insurance Program at the beginning of FY 21. As with any new program implementation, there was a learning curve for staff involved with the implementation and reconciliation. City staff encountered new supporting documentation and has worked to develop reconciliations and internal controls for personnel documentation. The reporting from the Third-Party Administrator was new and the City's Finance Department had to learn what support was needed from the Third-Party Administrator to ensure accurate and complete self-insurance activity reporting. The City will be able to obtain the necessary support from the Third-Party Administrator in time for FY 22 reporting to ensure accurate and complete self-insurance activity is reported including IBNR.

The Human Resources Department's procedures and internal controls are currently under evaluation for potential opportunities for improvements, streamlining of all procedures, reviewing internal controls, and

Member of Florida League of Cities

identifying gaps. Along with revising and/or developing processes, Human Resources staff positions are being evaluated, staff responsibilities are under review and will be redefined according to Department needs, titles, and HR staff qualifications to improve the Department's overall efficiencies, while reducing the Department's error rate by providing a workflow that will allow the HR staff to focus on a specific area of Human Resources.

The City's self-insurance program was implemented October 1, 2020 and is causing a shift in the Human Resources Department internal controls and processes due to the required maintenance that comes with being a self-insured employer. The health insurance processes in the HR Department are being adjusted to incorporate the needs and requirements of a self-insured medical program.

The Human Resources Department will develop a benefits census to track all employees, elections, changes, dependents, etc., and will be updated in-house and on-going. Currently, employees enroll for health insurance on-line through an Employee Self Service on-line portal. An HR employee then manually enters the payroll deductions into the HR/Payroll module. The benefits census will be in addition to the on-line portal for employees and will be updated according to elections made by employees.

The Human Resources Department is reducing manual data entry, to the extent as possible, by utilizing the payroll software reporting and exporting capabilities and implement software that reduces the amount of manual entry conducted by HR staff; consequently, reducing human error rate.

2021-002 Building Department Software Implementation and Segregation of Duties:

Auditor's Comment:

We noted a lack of segregation of duties within the City's Building Department related to the following:

- (a) The Planning and Zoning Director, Planning Technician, and Building Assistant had unlimited rights and access to the software system, including the ability to create new users and change system access levels of existing users, create, and edit new customers, and amend rates.
- (b) Multiple deletions/voided transactions related to building permits for which supporting documentation was unavailable.
- (c) During our transaction testing related to building permit and cash receipts, we noted the City could not provide a listing of open transactions within Smart Gov for which a payment was initiated online by the customer but not completed.
- (d) While account reconciliations were being performed when importing the Smart Gov data into the City's financial accounting software, there was no documentation of the preparation or review of those reconciliations.

Management's Response:

The Building Department Software system has been updated to only have the Building Assistant with unlimited rights and access to the software system. All other users have limited access to areas required to perform their job responsibilities.

The Smart Gov system went live in April 2021. During the first two months incorrect permits were deleted typically when an application was applied for on the Public Portal that was outside the City limits or if there were duplicate applications. Since June 28, 2021, staff hasn't deleted records. When cancellations are created, notes are attached in the notes field, identifying the reason for the cancelled records. As an additional control, the Director now reviews all records to be cancelled and attaches their approval/denial in the notes field.

Due to the City's public portal, there are instances where applicants will submit transactions for payment that are not completed. When these instances occur, the record is automatically sent to the "pending transactions" table where it will remain pending in perpetuity. On a monthly basis, staff will update these pending transactions to cancelled based on documentation as to the reason the transaction will not be completed.

The Building Department documents all daily transactions with a daily log, identifying the total funds received, fund type and payment type which is signed off on by the Development Services Department. The financial data imported from Smart Gov is then checked against the daily log by the Financial Analyst. In addition, on a monthly basis, the Building Department, as part of their Council monthly report compares the revenue received in Smart Gov with the financial data in ADG.

2021-003 Revenue and Expenditure/Expense Adjustments

We proposed and management recorded two adjustments related to revenue and expenditure/expense accounts in order to be in compliance with generally accepted accounting principles in the United States of America. Approximately \$130,000 was to properly record interest, loan fees and grant revenue, and related expenses were added to the Schedule of Federal Awards (SEFA). Approximately \$136,000 was to properly record the State pension contribution in the general fund.

Management's Response:

The City does reconcile transactions monthly to ensure completeness and accuracy, as well as reconciling all account balances at year-end to the supporting documentation. The \$130,000 involved an SRF Loan/Grant forgiveness Amendment which the supporting documentation crossed two fiscal years and there was some confusion regarding the proper accounting for the grant revenue, interest, and loan fees once Amendment 1 was received. The \$136,000 relates to the annual state pension contribution that is usually received during the month of August. The \$136,000 didn't get recorded because the check does not get deposited into the City's bank account but is sent to the State to be deposited into the City's Police Pension Fund. The City will continue to reconcile transactions monthly to ensure completeness and accuracy, as well as reconcile all account balances at year-end to the supporting documentation.

Member of Florida League of Cities

2021-004 Pension Census Data:

During our police pension data testing, we noted that 4 of 32 hire dates and 1 of 32 birth dates were incorrectly reported for participant data submitted to the actuary. We recommend a formal review process be implemented and performed by the City to ensure actuaries are provided with accurate and complete information.

Management's Response:

The Human Resources Department's procedures and internal controls are currently under evaluation for potential opportunities for improvements, streamlining of all procedures, reviewing internal controls, and identifying gaps. Along with revising and/or developing processes, Human Resources staff positions are being evaluated, staff responsibilities are under review and will be redefined according to Department needs, titles, and HR staff qualifications to improve the Department's overall efficiencies, while reducing the Department's error rate by providing a workflow that will allow the HR staff to focus on a specific area of Human Resources.

The Human Resources Department is reducing manual data entry, to the extent as possible, by utilizing the payroll software reporting and exporting capabilities and implement software that reduces the amount of manual entry conducted by HR staff; consequently, reducing human error rate.

Census data and contributions are submitted at the completion of bi-weekly payroll processing. The process for retrieving census data has been updated to be less manual. The data is now retrieved from the HR/Payroll software by utilizing the systems reporting capabilities and export the information into an excel format to submit to the Florida League of Cities. As part of the stream-lining process, the Human Resources Director, continues to explore areas of opportunity to implement automated.

Respectfully submitted,

A handwritten signature in blue ink, reading "L. Steve Kennedy".

L. Steve Kennedy
City Manager

Member of Florida League of Cities



City of Green Cove Springs

City of Green Cove Springs
Phone: (904) 297-7500

321 Walnut Street
Fax: (904) 284-2718

Green Cove Springs, Florida 32043
www.greencovesprings.com

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared, Marlena S. Guthrie, who being duly sworn, deposes and says on oath that:

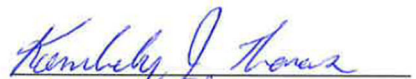
1. I am the Chief Financial Officer of the City of Green Cove Springs which is a local governmental entity of the State of Florida;
2. The City of Green Cove Springs adopted Ordinance Nos. O-01-2009 and O-18-2016 implementing an impact fee; and
3. The City of Green Cove Springs has complied and, as of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

FURTHER AFFIANT SAYETH NAUGHT.


Marlena S. Guthrie, Finance Director

STATE OF FLORIDA
COUNTY OF CLAY

SWORN TO AND SUBSCRIBED before me this 2nd day of MARCH, 2022.


NOTARY PUBLIC
Print Name Kimberly J. Thomas

Personally known X or ~~produced~~ identification N/A

Type of identification produced: N/A

My Commission Expires:

Nov. 21, 2025

