

**CITY OF GREEN COVE SPRINGS, FLORIDA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**



**CITY COUNCIL**

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

**CITY MANAGER**

*Steve Kennedy*

**CITY CLERK**

*Erin West*

**FINANCE DIRECTOR**

*Marlena Guthrie*

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
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**SEPTEMBER 30, 2020**

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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, 2020, 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, 2020, 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.

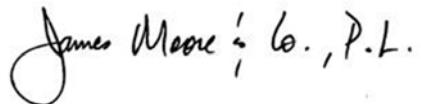
### ***Other Information***

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 March 29, 2021, 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, CPA, P.L." The signature is fluid and cursive, with "James" and "Moore" being the most prominent parts, separated by a vertical line. "CPA" is written in a smaller, sans-serif font above "P.L." which is also in a sans-serif font.

Daytona Beach, Florida  
March 29, 2021

## **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, 2020, by \$59.2 million. Unrestricted net position was \$9.5 million at September 30, 2020.
- The City's net position increased by \$1,608,362 or 2.79%. The governmental net position increased \$1,365,207 or 5.41% and the business-type net position increased by \$243,155 or .75%.
- The business-type activities revenues, including capital grants and investment revenue, increased by \$180,102 or 1.00% and the net results from activities increased by \$318,849 or 421%.
- The governmental net position increased due to an increase in grants and contributions which included \$1,161,476 in CARES Act funding for necessary expenditures incurred due to the COVID-19 public health emergency.
- The business-type net position increased due to an increase in grants and contributions.

#### **City Highlights**

- The City spent approximately \$2.6 million on capital improvements, of which \$286K was for the Spring Street Property purchase. The City also purchased approximately \$82K in computer equipment for the various General Fund departments. \$329K was spent on Augusta Savage Projects, \$109K was spent on City Hall renovations and repairs, \$27K was spent on sidewalks and sign replacements throughout the City, \$53K was spent on Citywide touchless faucets, toilets and lights throughout the City. \$99K was spent replacing vehicles and equipment within the Police Department. \$8K was also spent on Police Department furniture. \$603K was spent on park improvements and equipment. \$1.0M was spent on the new Public Works compound building.
- During this fiscal year, the Electric Department spent \$820K on CR 15A Relocation. \$142K was spent on line extensions. \$490K was spent on Electric Magnolia Point 3<sup>rd</sup> Feeder. Additional transformers were also purchased during the year for \$18K. \$304K was expended for electric structures and improvements. \$231K was spent on Electric Chapman Station Upgrade and Chapman 3<sup>rd</sup> Feed and Transformer. \$45K was spent on Electric Equipment and Street Lights.
- The Water Department spent \$511K on Reynolds System Improvements during the fiscal year. \$173K was spent on Water Line Extensions and Replacements. \$55K was spent on new meter installations and \$68K for water equipment.
- The Wastewater Department expended \$4.5 million for the Wastewater Treatment Plant. \$50K for a new 2020 Ford SD F-350 Truck and \$26K for a 2020 Cargo Van. \$194K was spent on Reynolds System Improvements and \$155K was spent on lift station pumps. \$407K 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 Customer Service Department expended \$33K for a Forklift.
- The Solid Waste Department expended \$23K for a 2020 F-150 Truck.

**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**<sup>(1)</sup>—*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 58 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 \$59 million which reflects an increase of \$1.6M at the close of the fiscal year ended September 30, 2020. A portion of the City's net position, \$5,510,017, represents resources that are subject to external restrictions on how they may be used. Governmental activities had \$2,885,919 in restricted net position and the business-type activities had \$2,624,098 in restricted net position at September 30, 2020.

<sup>(1)</sup> 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, 2020 (In 000s)						<b>Total % Change</b>	
	Governmental Activities		Business-type Activities		Total Primary Government			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>		
Current and Other Assets	\$ 4,331	\$ 3,513	\$ 19,074	\$ 18,497	\$ 23,405	\$ 22,010	6.34%	
Capital Assets	<u>27,868</u>	<u>26,710</u>	<u>32,785</u>	<u>26,735</u>	<u>60,653</u>	<u>53,445</u>	13.49%	
<b>Total Assets</b>	<b><u>\$ 32,199</u></b>	<b><u>\$ 30,223</u></b>	<b><u>\$ 51,859</u></b>	<b><u>\$ 45,232</u></b>	<b><u>\$ 84,058</u></b>	<b><u>\$ 75,455</u></b>	11.40%	
<b>Deferred Outflows</b>	<b>\$ 1,795</b>	<b>\$ 1,453</b>	<b>\$ 593</b>	<b>\$ 451</b>	<b>\$ 2,388</b>	<b>\$ 1,904</b>	25.42%	
Current Liabilities	\$ 1,002	\$ 1,479	\$ 7,762	\$ 3,970	\$ 8,764	\$ 5,449	60.84%	
Long-term Liabilities	<u>5,316</u>	<u>4,468</u>	<u>11,970</u>	<u>9,141</u>	<u>17,286</u>	<u>13,609</u>	27.02%	
<b>Total Liabilities</b>	<b><u>\$ 6,318</u></b>	<b><u>\$ 5,947</u></b>	<b><u>\$ 19,732</u></b>	<b><u>\$ 13,111</u></b>	<b><u>\$ 26,050</u></b>	<b><u>\$ 19,058</u></b>	52.43%	
<b>Deferred Inflows</b>	<b>\$ 1,060</b>	<b>\$ 478</b>	<b>\$ 98</b>	<b>\$ 193</b>	<b>\$ 1,158</b>	<b>\$ 671</b>	72.58%	
<b>Net Position:</b>								
Net Investment in Capital Assets	\$ 26,169	\$ 24,806	\$ 18,070	\$ 18,835	\$ 44,239	\$ 43,641	1.37%	
Restricted	<u>2,886</u>	<u>2,307</u>	<u>2,624</u>	<u>2,442</u>	<u>5,510</u>	<u>4,749</u>	16.02%	
Unrestricted	<u>(2,439)</u>	<u>(1,862)</u>	<u>11,928</u>	<u>11,101</u>	<u>9,489</u>	<u>9,239</u>	2.71%	
<b>Total Net Position</b>	<b><u>\$ 26,616</u></b>	<b><u>\$ 25,251</u></b>	<b><u>\$ 32,622</u></b>	<b><u>\$ 32,379</u></b>	<b><u>\$ 59,238</u></b>	<b><u>\$ 57,629</u></b>	<b><u>2.79%</u></b>	

**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.

**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, 2020 (In 000s)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2020	2019	2020	2019	2020	2019	
<b>REVENUES</b>							
Charges for Services	\$ 1,413	\$ 1,469	\$ 17,765	\$ 17,626	\$ 19,178	19,095	.43%
Operating Grants and Contributions	1,697	595	0	0	1,697	595	185.2%
Capital Grants and Contributions	601	50	210	93	811	143	467.1%
<b>General Revenues:</b>							
Property Taxes	1,766	1,543	0	0	1,766	1,543	14.45%
State Revenue Sharing	238	255	0	0	238	255	-6.67%
Sales and Use Tax	446	433	0	0	446	433	3.00%
Discretionary Sales Surtax	908	904	0	0	908	904	.44%
Investment Income	32	73	58	119	90	192	-53.1%
Business and Utility Taxes	621	594	0	0	621	594	4.55%
Sale of Fixed Assets	0	0	0	0	0	0	0.00%
Other General Revenues	550	240	127	143	677	383	76.76%
<b>Total Revenues</b>	<b>\$ 8,272</b>	<b>\$ 6,156</b>	<b>\$ 18,160</b>	<b>\$ 17,981</b>	<b>\$ 26,432</b>	<b>\$ 24,137</b>	<b>9.51%</b>

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change	
	2020	2019	2020	2019	2020	2019		
<b>EXPENSES</b>								
<b>Governmental Activities:</b>								
General Government	\$ 1,796	\$ 1,648	\$ 0	\$ 0	\$ 1,796	\$ 1,648	8.98%	
Public Safety	3,750	3,202	0	0	3,750	3,202	17.11%	
Transportation	1,394	1,382	0	0	1,394	1,382	.87%	
Physical Environment	133	145	0	0	133	145	-8.28%	
Culture and Recreation	984	1,015	0	0	984	1,015	-3.05%	
Interest on Long-term Debt	34	38	0	0	34	38	-10.53%	
<b>Business-type Activities:</b>								
Electric	0	0	11,916	11,936	11,916	11,936	-.17%	
Water	0	0	1,885	1,925	1,885	1,925	-2.08%	
Wastewater	0	0	2,160	2,192	2,160	2,192	-1.46%	
Stormwater	0	0	198	255	198	255	-22.35%	
Solid Waste	0	0	572	778	573	778	-26.35%	
<b>Total Expenses</b>	<b>\$ 8,091</b>	<b>\$ 7,430</b>	<b>\$ 16,731</b>	<b>\$ 17,086</b>	<b>\$ 24,822</b>	<b>\$ 24,516</b>	<b>1.25%</b>	
Excess of Revenues Over Expenses	\$ 180	\$ (1,274)	\$ 1,429	\$ 895	\$ 1,609	\$ (379)	524.5%	
Transfers	1,185	970	(1,185)	(970)	0	0		
<b>NET INCREASE</b>	<b>\$ 1,365</b>	<b>\$ (304)</b>	<b>\$ 244</b>	<b>\$ (75)</b>	<b>\$ 1,609</b>	<b>\$ (379)</b>	<b>524.5%</b>	

### 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 2020, investment income decreased 53% 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 is anticipated for future fiscal years.

*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 14.45% for fiscal year 2020. The City's millage rate for this fiscal year is 3.80 mils. The passing of Amendment 1, Property Tax Reform, limits governments in their ability to collect additional ad valorem tax.

In government activities, total revenues increased primarily due to \$1,161,476 in COVID-19 Grants and \$600K in Grants for the Spring Park Pier along with an increase in property taxes. General fund revenues, including transfers-in, increased from the previous year with an overall increase of 14.63%.

**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 .10%, due mainly to an increase in water and wastewater capital grants and contributions.

**Expenses**

The Governmental activities expenses increased by approximately 8.91%, primarily due to an increase in general government and public safety expenses.

The primary decrease in the business-type activities is a result of a decrease in electric power expense. The business-type activities expenses, excluding transfers, decreased by 2.08%.

**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 \$243,155. Operating revenues increased by \$139,522 and operating expenses decreased by \$442,662. Utility fund operating expenses (excluding depreciation) decreased by 4.56%.

**Budgetary Highlights**

The most significant budget adjustments were as follows:

**General Fund**

- The budget was increased by \$1,200,000 for COVID-19 public health emergency and CARES ACT reimbursements for Public Safety salaries and benefits. The Intergovernmental Revenues had a significant variance between the final budget and actuals in the amount of \$956,051 and the Capital Outlay Expenditures had a significant variance between the final budget and actuals in the amount of \$1,071,334. At the end of FY 20, there were 4 budgeted Capital Projects that are outstanding which affected both the Intergovernmental Revenue and Capital Outlay Expenditures. \$300K was budgeted for the Augusta Savage Library Building. \$600K was budgeted for the Walnut St. Paving and Drainage, \$100K was budgeted for Spring Park Misc. Improvements and \$50K was budgeted for VFH Phase VI.

**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 \$60,653,471 invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of \$7,208,292 or 13.49% from the end of last year. Capital Asset Activity is further outlined in the Notes to Financial Statements, Note No. 6.

	Net of Depreciation (In 000s)							
	Governmental Activities		Business-type Activities		Total Primary Government		2020	2019
	2020	2019	2020	2019	2020	2019		
Land and Land Rights Construction in Progress	\$ 8,063	\$ 8,063	\$ 227	\$ 227	\$ 8,290	\$ 8,290		
Buildings and Plants Improvements Other than Buildings	12,390	10,565	50,694	47,627	63,084	58,192		
Equipment	3,496	3,331	0	0	3,496	3,331		
Infrastructure	9,823	9,796	10,136	9,693	19,959	19,489		
Less:								
Accumulated Depreciation	(14,174)	(12,783)	(36,534)	(34,308)	(50,708)	(47,091)		
<b>Total</b>	<b>\$ 27,868</b>	<b>\$ 26,711</b>	<b>\$ 32,785</b>	<b>\$ 26,734</b>	<b>\$ 60,653</b>	<b>\$ 53,445</b>		

The following reconciliation summarizes the change in Capital Assets.

	Change in Capital Assets (In 000s)							
	Governmental Activities		Business-type Activities		Total Primary Government		2020	2019
	2020	2019	2020	2019	2020	2019		
<b>Beginning Balance, Net</b>	\$ 26,711	\$ 26,564	\$ 26,734	\$ 24,299	\$ 53,445	\$ 50,863		
Additions	2,966	1,485	8,278	4,437	11,244	5,922		
Retirement								
Other	(418)	(72)	(1)	(23)	(419)	(95)		
Depreciation	(1,391)	(1,266)	(2,226)	(1,979)	(3,617)	(3,245)		
<b>Ending Balance, Net</b>	<b>\$ 27,868</b>	<b>\$ 26,711</b>	<b>\$ 32,785</b>	<b>\$ 26,734</b>	<b>\$ 60,653</b>	<b>\$ 53,445</b>		

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

**Capital Assets (Concluded)**

This year's major additions were:

<b>Governmental Activities:</b>	<b>In (000s)</b>
219 Spring Street Property	\$ 286
City Hall Renovations	109
Police Furniture	8
Police Vehicles	99
Parks Improvements	603
Citywide Touchless Faucets, Toilets & Lights	53
Augusta Savage Projects	329
Sign Replacements & Sidewalk Repairs	27
Computer Equipment	82
Public Works Building Compound	1,030

<b>Business-type Activities:</b>	<b>In (000s)</b>
Electric CR 15A Relocation	820
Electric Line Extensions	142
Electric Chapman 3 <sup>rd</sup> Feed and Transformer	219
Electric Equipment	33
Electric Transformers	18
Electric Chapman Station Upgrade	12
Electric Magnolia Point 3 <sup>rd</sup> Feeder	490
Electric Street Lights	12
Electric Structures & Improvements	304
Water Reynolds System Improvements	511
Water Line Extensions & Replacements	173
Water New Meter Installation	55
Water Equipment	68
Wastewater Lift Station Pumps	155
Wastewater Treatment Plant	4,513
Wastewater Repairs	381
Wastewater 2020 Ford SD F-350 Truck	50
Wastewater 2020 Cargo Van	26
Wastewater Line Extensions	21
Wastewater Equipment	5
Wastewater Reynolds System Improvements	194
Solid Waste 2020 F-150 Truck	23
Customer Service Forklift	33

**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)**

	<b>Totals</b>	
	<b>2019</b>	<b>2020</b>
Governmental:		
Compensated Absences	\$ 444	\$ 510
Total OPEB Liability	377	378
Sales Tax Revenue Note		
Series 2016A	1,054	911
Series 2016B	851	788
Net Pension Liability	<u>2,082</u>	<u>3,092</u>
<b>Sub-Total – Governmental</b>	<u>4,808</u>	<u>5,679</u>
Business-type:		
Utility Notes	7,623	14,574
Equipment Notes	276	141
Compensated Absences	470	492
Total OPEB Liability	168	169
Net Pension Liability	<u>1,288</u>	<u>1,602</u>
<b>Sub-Total – Business-Type</b>	<u>9,825</u>	<u>16,978</u>
<b>Total</b>	<u>\$ 14,633</u>	<u>\$ 22,657</u>

**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, 2020**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash	\$ -	\$ 10,437,224	\$ 10,437,224
Investments	1,627,248	4,752,882	6,380,130
Receivables, net	5,024	1,896,640	1,901,664
Internal balances	(841,128)	841,128	-
Due from other governments	2,269,452	63,375	2,332,827
Inventories	51,609	729,090	780,699
Prepays	146,601	-	146,601
Restricted assets:			
Equity in pooled cash	126,977	18,096	145,073
Investments	-	335,585	335,585
Net pension asset	945,093	-	945,093
Capital assets:			
Capital assets, not being depreciated	8,335,499	8,488,831	16,824,330
Other capital assets, net of depreciation	19,532,605	24,296,536	43,829,141
Total assets	<u>\$ 32,198,980</u>	<u>\$ 51,859,387</u>	<u>\$ 84,058,367</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>\$ 1,795,544</u>	<u>\$ 592,605</u>	<u>\$ 2,388,149</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 630,267	\$ 1,509,239	\$ 2,139,506
Customer deposits	-	802,506	802,506
Unearned revenue	-	378,738	378,738
Accrued interest payable	8,145	63,406	71,551
Noncurrent liabilities:			
Due within one year:			
Bonds, notes, and capital leases payable	210,000	4,860,928	5,070,928
Compensated absences	153,092	147,461	300,553
Due in more than one year:			
Bonds, notes, and capital leases payable	1,489,000	9,854,600	11,343,600
Compensated absences	357,214	344,072	701,286
Total OPEB liability	378,040	168,974	547,014
Net pension liability	3,092,070	1,602,161	4,694,231
Total liabilities	<u>\$ 6,317,828</u>	<u>\$ 19,732,085</u>	<u>\$ 26,049,913</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>\$ 1,060,686</u>	<u>\$ 97,963</u>	<u>\$ 1,158,649</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 26,169,104	\$ 18,069,839	\$ 44,238,943
Restricted for:			
Public safety	104,094	-	104,094
Pensions	945,093	-	945,093
Debt service	53,000	290,728	343,728
Building department	698,223	-	698,223
Capital projects - infrastructure surtax	574,695	-	574,695
Capital projects - transportation only	323,577	-	323,577
Transportation - operations and capital	187,237	-	187,237
System Improvements	-	2,333,370	2,333,370
Unrestricted	<u>(2,439,013)</u>	<u>11,928,007</u>	<u>9,488,994</u>
Total net position	<u>\$ 26,616,010</u>	<u>\$ 32,621,944</u>	<u>\$ 59,237,954</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, 2020**

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
<b>Governmental activities:</b>							
General government	\$ 1,796,046	\$ 81,122	\$ 27,296	\$ -	\$ (1,687,628)	\$ -	\$ (1,687,628)
Public safety	3,749,549	1,265,141	1,199,179	-	(1,285,229)	-	(1,285,229)
Transportation	1,394,196	-	470,856	-	(923,340)	-	(923,340)
Physical environment	133,103	-	-	-	(133,103)	-	(133,103)
Culture and recreation	984,342	66,317	-	600,917	(317,108)	-	(317,108)
Interest on long-term debt	34,453	-	-	-	(34,453)	-	(34,453)
<b>Total governmental activities</b>	<b>8,091,689</b>	<b>1,412,580</b>	<b>1,697,331</b>	<b>600,917</b>	<b>(4,380,861)</b>	<b>-</b>	<b>(4,380,861)</b>
<b>Business-type activities:</b>							
Electric	11,916,008	11,841,715	-	-	-	(74,293)	(74,293)
Water	1,885,214	2,122,860	-	139,587	-	377,233	377,233
Sewer	2,160,189	2,837,499	-	70,000	-	747,310	747,310
Solid Waste	572,593	804,876	-	-	-	232,283	232,283
Stormwater	197,771	158,342	-	-	-	(39,429)	(39,429)
<b>Total business-type activities</b>	<b>16,731,775</b>	<b>17,765,292</b>	<b>-</b>	<b>209,587</b>	<b>-</b>	<b>1,243,104</b>	<b>1,243,104</b>
<b>Total primary government</b>	<b>\$ 24,823,464</b>	<b>\$ 19,177,872</b>	<b>\$ 1,697,331</b>	<b>\$ 810,504</b>	<b>(4,380,861)</b>	<b>1,243,104</b>	<b>(3,137,757)</b>
<b>General revenues:</b>							
Property taxes				1,766,498	-	1,766,498	
Sales taxes				1,353,635	-	1,353,635	
Public service taxes				392,425	-	392,425	
Other taxes				38,898	-	38,898	
Franchise and utility taxes				189,363	-	189,363	
State revenue sharing				238,015	-	238,015	
Other intergovernmental revenues				527,330	-	527,330	
Investment earnings				32,162	58,273	90,435	
Miscellaneous revenues				22,876	126,644	149,520	
Transfers				1,184,866	(1,184,866)	-	
<b>Total general revenues and transfers</b>				<b>5,746,068</b>	<b>(999,949)</b>	<b>4,746,119</b>	
Change in net position				1,365,207	243,155	1,608,362	
Net position - beginning				25,250,803	32,378,789	57,629,592	
<b>Net position - ending</b>				<b>\$ 26,616,010</b>	<b>\$ 32,621,944</b>	<b>\$ 59,237,954</b>	

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, 2020**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 267,817	\$ 1,486,408	\$ 1,754,225
Accounts receivable, net	5,024	-	5,024
Due from other governments	1,019,405	1,250,047	2,269,452
Due from other funds	1,161,476	-	1,161,476
Inventories	51,609	-	51,609
Prepaid items	146,601	-	146,601
<b>Total assets</b>	<b>\$ 2,651,932</b>	<b>\$ 2,736,455</b>	<b>\$ 5,388,387</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 459,375	\$ 170,892	\$ 630,267
Due to other funds	717,313	1,285,291	2,002,604
<b>Total liabilities</b>	<b>1,176,688</b>	<b>1,456,183</b>	<b>2,632,871</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	51,609	-	51,609
Prepaid items	146,601	-	146,601
Restricted for:			
Public safety	65,832	38,262	104,094
Debt service	61,145	-	61,145
Building department	-	698,223	698,223
Capital projects - infrastructure surtax	574,695	-	574,695
Capital projects - transportation only	323,577	-	323,577
Transportation - operations and capital	187,237	-	187,237
Assigned to:			
Capital improvements	-	631,994	631,994
Unassigned	64,548	(88,207)	(23,659)
<b>Total fund balances</b>	<b>1,475,244</b>	<b>1,280,272</b>	<b>2,755,516</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,651,932</b>	<b>\$ 2,736,455</b>	<b>\$ 5,388,387</b>

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, 2020**

<b>Fund balances - total governmental funds</b>	\$ 2,755,516
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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	42,042,508
Less: accumulated depreciation	<u>(14,174,404)</u>

27,868,104

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	(3,092,070)
Net pension asset	945,093
Deferred outflows related to pensions	1,795,544
Deferred inflows related to pensions	<u>(1,060,686)</u>

(1,412,119)

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	(378,040)
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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	(1,699,000)
Accrued interest payable	(8,145)
Compensated absences	<u>(510,306)</u>

(2,217,451)

<b>Net position of governmental activities</b>	<u>\$ 26,616,010</u>
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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, 2020**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 3,650,765	\$ -	\$ 3,650,765
Permits and fees	7,992	405,100	413,092
Intergovernmental	1,937,761	1,188,772	3,126,533
Charges for services	778,109	-	778,109
Fines and forfeitures	920,097	-	920,097
Investment income	32,162	-	32,162
Miscellaneous	32,737	-	32,737
	7,359,623	1,593,872	8,953,495
<b>Expenditures</b>			
Current:			
General government	1,572,235	373,563	1,945,798
Public safety	3,108,269	16,501	3,124,770
Transportation	1,018,527	-	1,018,527
Physical environment	118,969	-	118,969
Culture and recreation	499,587	-	499,587
Capital outlay	2,562,220	75,645	2,637,865
Debt service:			
Principal retirement	-	206,000	206,000
Interest and fiscal charges	-	35,390	35,390
Total expenditures	8,879,807	707,099	9,586,906
<b>Excess (deficiency) of revenues over expenditures</b>	(1,520,184)	886,773	(633,411)
<b>Other financing sources (uses)</b>			
Transfers in	2,346,342	241,390	2,587,732
Transfers out	(241,390)	(1,161,476)	(1,402,866)
Total other financing sources (uses)	2,104,952	(920,086)	1,184,866
<b>Net change in fund balances</b>	584,768	(33,313)	551,455
<b>Fund balances, beginning of year</b>	890,476	1,313,585	2,204,061
<b>Fund balances, end of year</b>	\$ 1,475,244	\$ 1,280,272	\$ 2,755,516

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, 2020**

<b>Net change in fund balances - total governmental funds</b>	\$ 551,455
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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	2,637,865
Depreciation expense	(1,452,474)

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	206,000
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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	(483,378)
Change in total OPEB liability	(578)

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.

(27,814)

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	937
Change in compensated absences liability	(66,806)

<b>Change in net position of governmental activities</b>	<b>\$ 1,365,207</b>
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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, 2020**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 3,772,722	\$ 3,772,722	\$ 3,650,765	\$ (121,957)
Permits and fees	15,000	15,000	7,992	(7,008)
Intergovernmental	2,893,812	2,893,812	1,937,761	(956,051)
Charges for services	897,605	897,605	778,109	(119,496)
Fines and forfeitures	959,193	959,193	920,097	(39,096)
Investment income	74,000	74,000	32,162	(41,838)
Miscellaneous	41,060	41,060	32,737	(8,323)
Total revenues	<u>8,653,392</u>	<u>8,653,392</u>	<u>7,359,623</u>	<u>(1,293,769)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,678,204	1,678,204	1,572,235	105,969
Public safety	3,067,883	3,067,883	3,108,269	(40,386)
Transportation	1,041,681	1,041,681	1,018,527	23,154
Physical environment	116,594	116,594	118,969	(2,375)
Culture and recreation	562,413	562,413	499,587	62,826
Capital outlay	<u>3,633,554</u>	<u>3,633,554</u>	<u>2,562,220</u>	<u>1,071,334</u>
Total expenditures	<u>10,100,329</u>	<u>10,100,329</u>	<u>8,879,807</u>	<u>1,220,522</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,446,937)</u>	<u>(1,446,937)</u>	<u>(1,520,184)</u>	<u>(73,247)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,184,866	2,384,866	2,346,342	(38,524)
Transfers out	<u>(241,390)</u>	<u>(241,390)</u>	<u>(241,390)</u>	<u>-</u>
Total other financing sources (uses)	<u>943,476</u>	<u>2,143,476</u>	<u>2,104,952</u>	<u>(38,524)</u>
Net change in fund balances	<u>(503,461)</u>	<u>696,539</u>	<u>584,768</u>	<u>(111,771)</u>
<b>Fund balances, beginning of year</b>	890,476	890,476	890,476	-
<b>Fund balances, end of year</b>	<u>\$ 387,015</u>	<u>\$ 1,587,015</u>	<u>\$ 1,475,244</u>	<u>\$ (111,771)</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, 2020**

	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			
<b>ASSETS</b>								
Current assets:								
Equity in pooled cash	\$ 5,763,009	\$ 2,737,935	\$ 1,534,655	\$ 251,620	\$ -	\$ 10,287,219	\$ 150,005	
Investments	4,510,383	242,499	-	-	-	4,752,882	-	
Restricted cash	-	-	18,096	-	-	18,096	-	
Restricted investments	255,085	80,500	-	-	-	335,585	-	
Accounts receivable, net	1,361,068	161,234	305,734	68,194	410	1,896,640	-	
Due from other governments	-	63,375	-	-	-	63,375	-	
Inventories	653,650	72,579	2,861	-	-	729,090	-	
Due from other funds	887,236	-	-	-	-	887,236	-	
Total current assets	<u>13,430,431</u>	<u>3,358,122</u>	<u>1,861,346</u>	<u>319,814</u>	<u>410</u>	<u>18,970,123</u>	<u>150,005</u>	
Noncurrent assets:								
Capital assets:								
Nondepreciable capital assets	-	680,499	7,808,332	-	-	8,488,831	-	
Depreciable capital assets, net	11,258,170	5,919,034	6,154,509	295,397	598,682	24,225,792	70,744	
Total noncurrent assets	<u>11,258,170</u>	<u>6,599,533</u>	<u>13,962,841</u>	<u>295,397</u>	<u>598,682</u>	<u>32,714,623</u>	<u>70,744</u>	
Total assets	<u><u>\$24,688,601</u></u>	<u><u>\$9,957,655</u></u>	<u><u>\$15,824,187</u></u>	<u><u>\$ 615,211</u></u>	<u><u>\$ 599,092</u></u>	<u><u>\$ 51,684,746</u></u>	<u><u>\$ 220,749</u></u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows related to pensions	<u>\$ 209,076</u>	<u>\$ 121,876</u>	<u>\$ 128,547</u>	<u>\$ 57,311</u>	<u>\$ 2,451</u>	<u>\$ 519,261</u>	<u>\$ 73,344</u>	
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 1,014,405	\$ 83,420	\$ 368,619	\$ 21,498	\$ 2,745	\$ 1,490,687	\$ 18,552	
Deposits	642,236	70,868	53,157	36,245	-	802,506	-	
Unearned revenue	378,738	-	-	-	-	378,738	-	
Due to other funds	-	-	-	-	46,108	46,108	-	
Compensated absences	13,566	52,328	52,328	11,947	8,758	138,927	8,534	
Payable from restricted assets:								
Capital leases payable - current	61,264	-	-	35,399	-	96,663	-	
Current maturities on long-term debt	601,000	147,664	4,015,601	-	-	4,764,265	-	
Accrued interest payable	55,397	-	7,556	453	-	63,406	-	
Total current liabilities	<u>2,766,606</u>	<u>354,280</u>	<u>4,497,261</u>	<u>105,542</u>	<u>57,611</u>	<u>7,781,300</u>	<u>27,086</u>	
Noncurrent liabilities:								
Bonds, notes, and capital leases payable, net	6,036,475	1,313,774	2,486,051	18,300	-	9,854,600	-	
Compensated absences	31,654	122,097	122,097	27,877	20,435	324,160	19,912	
Total OPEB liability	6,730	38,205	37,823	40,891	10,994	134,643	34,331	
Net pension liability	565,256	329,502	347,536	154,947	6,626	1,403,867	198,294	
Total noncurrent liabilities	<u>6,640,115</u>	<u>1,803,578</u>	<u>2,993,507</u>	<u>242,015</u>	<u>38,055</u>	<u>11,717,270</u>	<u>252,537</u>	
Total liabilities	<u><u>\$ 9,406,721</u></u>	<u><u>\$ 2,157,858</u></u>	<u><u>\$ 7,490,768</u></u>	<u><u>\$ 347,557</u></u>	<u><u>\$ 95,666</u></u>	<u><u>\$ 19,498,570</u></u>	<u><u>\$ 279,623</u></u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows related to pensions	<u>\$ 34,561</u>	<u>\$ 20,148</u>	<u>\$ 21,250</u>	<u>\$ 9,474</u>	<u>\$ 405</u>	<u>\$ 85,838</u>	<u>\$ 12,125</u>	
<b>NET POSITION</b>								
Net investment in capital assets	\$ 4,559,431	\$ 5,138,095	\$ 7,461,189	\$ 241,698	\$ 598,682	\$ 17,999,095	\$ 70,744	
Restricted for debt service	199,688	80,500	10,540	-	-	290,728	-	
Restricted for system improvements	216,976	608,610	1,507,784	-	-	2,333,370	-	
Unrestricted	10,480,300	2,074,320	(538,797)	73,793	(93,210)	11,996,406	(68,399)	
Total net position	<u>\$15,456,395</u>	<u>\$ 7,901,525</u>	<u>\$ 8,440,716</u>	<u>\$ 315,491</u>	<u>\$ 505,472</u>	<u>32,619,599</u>	<u>\$ 2,345</u>	
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds over time						2,345		
Net position, business-type activities						<u><u>\$ 32,621,944</u></u>		

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	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		
<b>Operating revenues</b>								
Charges for services	\$ 11,718,616	\$ 2,110,917	\$ 2,818,869	\$ 799,801	\$ 158,342	\$ 17,606,545	\$ 453,498	
Other revenues	123,099	11,943	18,630	5,075	-	158,747	-	
<b>Total operating revenues</b>	<b>11,841,715</b>	<b>2,122,860</b>	<b>2,837,499</b>	<b>804,876</b>	<b>158,342</b>	<b>17,765,292</b>	<b>453,498</b>	
<b>Operating expenses</b>								
Electric power expense	8,055,934	-	-	-	-	8,055,934	-	
Personnel services	1,283,322	589,749	608,044	218,957	57,331	2,757,403	320,120	
Billing and administrative	477,274	239,831	273,940	113,918	-	1,104,963	-	
Contractual services	393,270	25,055	33,302	13,909	33,498	499,034	31,044	
Utilities	9,179	153,211	157,038	6,604	-	326,032	-	
Repairs and Maintenance	34,296	228,713	204,327	30,248	11,765	509,349	7,449	
Materials and supplies	538,478	89,960	199,549	57,551	6,181	891,719	14,755	
Insurance	28,630	22,008	-	6,131	-	56,769	1,123	
Depreciation	889,194	498,737	623,590	121,241	88,996	2,221,758	5,549	
<b>Total operating expenses</b>	<b>11,709,577</b>	<b>1,847,264</b>	<b>2,099,790</b>	<b>568,559</b>	<b>197,771</b>	<b>16,422,961</b>	<b>380,040</b>	
<b>Operating income (loss)</b>	<b>132,138</b>	<b>275,596</b>	<b>737,709</b>	<b>236,317</b>	<b>(39,429)</b>	<b>1,342,331</b>	<b>73,458</b>	
<b>Nonoperating revenues (expenses)</b>								
Interest earnings	40,865	8,145	5,449	3,814	-	58,273	-	
Miscellaneous	52,036	1,150	-	-	-	53,186	-	
Interest expense	(206,431)	(37,950)	(60,399)	(4,034)	-	(308,814)	-	
<b>Total nonoperating revenues (expenses)</b>	<b>(113,530)</b>	<b>(28,655)</b>	<b>(54,950)</b>	<b>(220)</b>	<b>-</b>	<b>(197,355)</b>	<b>-</b>	
<b>Income (loss) before contributions and transfers</b>	<b>18,608</b>	<b>246,941</b>	<b>682,759</b>	<b>236,097</b>	<b>(39,429)</b>	<b>1,144,976</b>	<b>73,458</b>	
Capital contributions	-	60,150	70,000	-	-	130,150	-	
Capital grants	-	79,437	-	-	-	79,437	-	
Transfers out	(1,000,000)	(64,866)	(100,000)	(20,000)	-	(1,184,866)	-	
<b>Change in net position</b>	<b>(981,392)</b>	<b>321,662</b>	<b>652,759</b>	<b>216,097</b>	<b>(39,429)</b>	<b>169,697</b>	<b>73,458</b>	
<b>Net position, beginning of year</b>	<b>16,437,787</b>	<b>7,579,863</b>	<b>7,787,957</b>	<b>99,394</b>	<b>544,901</b>	<b>32,449,902</b>	<b>(71,113)</b>	
<b>Net position, end of year</b>	<b>\$ 15,456,395</b>	<b>\$ 7,901,525</b>	<b>\$ 8,440,716</b>	<b>\$ 315,491</b>	<b>\$ 505,472</b>	<b>\$ 32,619,599</b>	<b>\$ 2,345</b>	
Change in enterprise fund's net position						\$ 169,697		
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						73,458		
Change in net position of business-type activities						\$ 243,155		

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, 2020**

	Business-type Activities - Enterprise Funds						Business-type Activities - Internal Service Funds
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Nonmajor Fund Stormwater Utility	Total	
<b>Cash flows from operating activities</b>							
Cash received from customers	\$11,818,913	\$2,086,072	\$3,565,311	\$815,032	\$ 171,129	\$18,456,457	\$ 453,498
Cash paid to employees	(1,355,955)	(905,692)	(970,966)	(439,265)	(54,217)	(3,726,095)	(356,804)
Cash paid to suppliers	(9,435,309)	(500,145)	(805,686)	(114,991)	(55,691)	(10,911,822)	(51,810)
Other receipts	52,036	1,150	-	-	-	53,186	-
Net cash provided by (used in) operating activities	1,079,685	681,385	1,788,659	260,776	61,221	3,871,726	44,884
<b>Cash flows from noncapital financing activities</b>							
Transfers to other funds	(1,000,000)	(64,866)	(100,000)	(20,000)	-	(1,184,866)	-
Interfund loans	(887,236)	-	-	-	(61,221)	(948,457)	-
Net cash provided by (used in) noncapital financing activities	(1,887,236)	(64,866)	(100,000)	(20,000)	(61,221)	(2,133,323)	-
<b>Cash flows from capital and related financing activities</b>							
Capital contributions	-	60,150	70,000	-	-	130,150	-
Acquisition and construction of capital assets	(2,048,577)	(828,701)	(5,345,172)	(22,874)	-	(8,245,324)	(32,698)
Capital grants	-	79,437	-	-	-	79,437	-
Principal payments of long-term debt	(641,167)	(118,000)	(2,962)	(75,662)	-	(837,791)	-
Proceeds from issuance of long-term debt	3,000,000	79,438	4,574,871	-	-	7,654,309	-
Interest paid	(186,169)	(37,950)	(53,082)	(4,542)	-	(281,743)	-
Net cash provided by (used in) capital and related financing activities	124,087	(765,626)	(756,345)	(103,078)	-	(1,500,962)	(32,698)
<b>Cash flows from investing activities</b>							
Interest received	40,865	8,145	5,449	3,814	-	58,273	-
Purchases of investments	(229,486)	(3,786)	-	-	-	(233,272)	-
Net cash provided by (used in) investing activities	(188,621)	4,359	5,449	3,814	-	(174,999)	-
<b>Net change in cash and cash equivalents</b>	<b>(872,085)</b>	<b>(144,748)</b>	<b>937,763</b>	<b>141,512</b>	<b>-</b>	<b>62,442</b>	<b>12,186</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,635,094</b>	<b>2,882,683</b>	<b>614,988</b>	<b>110,108</b>	<b>-</b>	<b>10,242,873</b>	<b>137,819</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,763,009</b>	<b>\$2,737,935</b>	<b>\$1,552,751</b>	<b>\$251,620</b>	<b>\$ -</b>	<b>\$10,305,315</b>	<b>\$ 150,005</b>
<b>Cash and cash equivalents classified as:</b>							
Unrestricted	\$ 5,763,009	\$2,737,935	\$1,534,655	\$251,620	\$ -	\$10,287,219	\$ 150,005
Restricted	-	-	18,096	-	-	18,096	-
Total cash and cash equivalents	<b>\$ 5,763,009</b>	<b>\$2,737,935</b>	<b>\$1,552,751</b>	<b>\$251,620</b>	<b>\$ -</b>	<b>\$10,305,315</b>	<b>\$ 150,005</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>							
Operating income (loss)	\$ 132,138	\$ 275,596	\$ 737,709	\$236,317	\$ (39,429)	\$ 1,342,331	\$ 73,458
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	889,194	498,737	623,590	121,241	88,996	2,221,758	5,549
Nonoperating revenues (expenses)	52,036	1,150	-	-	-	53,186	-
Changes in assets and liabilities:							
Accounts receivable	128,750	39,129	(19,783)	4,661	12,304	165,061	-
Due from other governments	-	(63,375)	738,688	-	483	675,796	-
Inventories	(161,281)	(24,466)	(834)	-	-	(186,581)	-
Prepaid items	25,017	-	-	-	-	25,017	-
Accounts payable and accrued liabilities	(239,258)	43,268	(210,636)	(548)	(4,247)	(411,421)	2,561
Deposits	44,074	-	8,907	5,495	-	58,476	-
Unearned revenue	(195,626)	(12,542)	-	-	-	(208,168)	-
Compensated absences	13,787	10,820	10,820	(31,345)	13,523	17,605	4,198
Net pension liability	390,741	(87,014)	(99,884)	(75,077)	(10,418)	118,348	(40,931)
Total OPEB liability	113	82	82	32	9	318	49
Net cash provided by (used in) operating activit	<b>\$ 1,079,685</b>	<b>\$ 681,385</b>	<b>\$1,788,659</b>	<b>\$260,776</b>	<b>\$ 61,221</b>	<b>\$ 3,871,726</b>	<b>\$ 44,884</b>

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, 2020**

	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents with trustee	<u>\$ 53,676</u>
Investments, at fair value:	
Pooled Funds – Broad Market HQ	932,633
Pooled Funds – Core Plus Fixed Income	939,342
Pooled Funds – Equities	4,163,753
Pooled Funds – Core Real Estate	610,573
Total investments	<u>6,646,301</u>
Total assets	<u><u>\$ 6,699,977</u></u>
<b>NET POSITION</b>	
Restricted for pensions	<u><u>\$ 6,699,977</u></u>

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, 2020**

	<b>Police Pension Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 238,718
Members	12,201
State	114,750
Total contributions	<u>365,669</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	405,005
Less: investment management fee	(11,877)
Net investment income (loss)	<u>393,128</u>
Total additions	<u>758,797</u>
<b>Deductions</b>	
Member benefits	49,044
Administration fees	20,017
Total deductions	<u>69,061</u>
<b>Change in net position</b>	<u>689,736</u>
<b>Net position restricted for pensions, beginning of year</b>	6,010,241
<b>Net position restricted for pensions, end of year</b>	<u>\$ 6,699,977</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(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, 2020**

(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, 2020**

(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, 2020**

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

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

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

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

Assets	Years
Water and Wastewater Treatment Plant	20 – 30
Water and Wastewater Pumping and Collecting Plant	20 – 30
General Plant and Equipment	10 – 20
Buildings	30
Improvements Other than Buildings	10 - 30
Machinery and equipment	5 – 35 years
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, 2020**

(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, 2020, 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**  
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(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, 2020**

(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, 2020:

Investment Type	Amount	Weighted Average Maturity	Credit Risk
Florida PRIME	\$ 6,715,715	63 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:

Investment Type	Carrying Value	Weighted Average Maturity (years)	Credit Rating (Fitch)	Fair Value Hierarchy Classification
Pooled Funds –Broad Market HQ	\$ 932,633	6.60	AAf/S4	Level 2
Pooled Funds – Core Plus Fixed Income	939,342	5.82	NR	Level 3
Pooled Funds – Equities	4,173,364	N/A	NR	Level 2
Pooled Funds – Core Real Estate	610,573	N/A	NR	Level 3
Cash	53,676	N/A	NR	N/A
Total Portfolio	<u><u>\$ 6,709,588</u></u>			

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(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, 2020, 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, 2020.

*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, 2020, 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, 2020, 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 were comprised amounts due to the electric fund of \$717,313, \$1,161,476, \$123,815, and \$46,108 from the general, disaster, electric and stormwater utility funds, respectively.

The following is a summary of interfund transfers made during the 2020 fiscal year:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 2,346,342	\$ (241,390)
Nonmajor Governmental Funds	241,390	(1,161,476)
Electric Fund	-	(1,000,000)
Water Fund	-	(64,866)
Sewer Fund	-	(100,000)
Solid Waste Fund	-	(20,000)
<b>Totals</b>	<b>\$ 2,587,732</b>	<b>\$ (2,587,732)</b>

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**  
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**(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, 2020.

\$1,161,476 of the intergovernmental receivable amounts relates to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) passed through Clay County.

**(6) Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2020, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 8,062,781	\$ -	\$ -	\$ 8,062,781
Construction in progress	<u>538,229</u>	<u>62,945</u>	<u>(328,456)</u>	<u>272,718</u>
Total capital assets, not being depreciated	<u>8,601,010</u>	<u>62,945</u>	<u>(328,456)</u>	<u>8,335,499</u>
Capital assets, being depreciated –				
Buildings	10,565,291	1,854,078	(28,677)	12,390,692
Improvements	7,200,562	821,000	(24,379)	7,997,183
Machinery and equipment	3,330,915	201,714	(36,442)	3,496,187
Infrastructure	<u>9,796,363</u>	<u>26,584</u>	<u>-</u>	<u>9,822,947</u>
Total capital assets, being depreciated	<u>30,893,131</u>	<u>2,903,376</u>	<u>(89,498)</u>	<u>33,707,009</u>
Less accumulated depreciation for –				
Total accumulated depreciation	<u>(12,783,614)</u>	<u>(1,452,474)</u>	<u>61,684</u>	<u>(14,174,404)</u>
Total capital assets, being depreciated, net	<u>18,109,517</u>	<u>1,450,902</u>	<u>(27,814)</u>	<u>19,532,605</u>
Governmental activities capital assets, net	<u><u>\$ 26,710,527</u></u>	<u><u>\$ 1,513,847</u></u>	<u><u>\$ (356,270)</u></u>	<u><u>\$ 27,868,104</u></u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 227,136	\$ -	\$ -	\$ 227,136
Construction in progress	<u>3,494,967</u>	<u>4,766,728</u>	<u>-</u>	<u>8,261,695</u>
Total capital assets, not being depreciated	<u>3,722,103</u>	<u>4,766,728</u>	<u>-</u>	<u>8,488,831</u>
Capital assets, being depreciated –				
Electric Transmission and Distribution				
Plant	21,447,606	2,004,063	-	23,451,669
Water/Wastewater Treatment Plant	9,544,942	-	-	9,544,942
Water/Wastewater Pumping and				
Collection Plant	16,634,391	1,063,426	-	17,697,817
General Plant and Equipment	<u>9,693,331</u>	<u>443,805</u>	<u>(1,027)</u>	<u>10,136,109</u>
Total capital assets, being depreciated	<u>57,320,270</u>	<u>3,511,294</u>	<u>(1,027)</u>	<u>60,830,537</u>
Less accumulated depreciation for –				
Total accumulated depreciation	<u>(34,307,721)</u>	<u>(2,227,307)</u>	<u>1,027</u>	<u>(36,534,001)</u>
Total capital assets, being depreciated, net	<u>23,012,549</u>	<u>1,283,987</u>	<u>-</u>	<u>24,296,536</u>
Business-type activities capital assets, net	<u><u>\$ 26,734,652</u></u>	<u><u>\$ 6,050,715</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,785,367</u></u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(6) Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:						
General governmental					\$ 440,206	
Public safety					154,555	
Transportation					370,054	
Physical environment					8,519	
Culture and recreation					479,140	
						<u>\$ 1,452,474</u>
Total depreciation expense - governmental activities						
Business-type activities:						
Electric					\$ 889,194	
Water					498,737	
Sewer					623,590	
Solid Waste					121,241	
Internal Service					5,549	
Stormwater					88,996	
						<u>\$ 2,227,307</u>
Total depreciation expense - business-type activities						

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

Long-term liability activity for the year ended September 30, 2020, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds and notes payable:					
Sales Tax Revenue Note					
Series 2016A	\$ 1,054,000	\$ -	\$ (143,000)	\$ 911,000	\$ 146,000
Series 2016B	851,000	-	(63,000)	788,000	64,000
Total bonds and notes payable	1,905,000	-	(206,000)	1,699,000	210,000
Compensated absences	443,500	354,689	(287,883)	510,306	153,092
Governmental activities –					
Total long-term liabilities	\$ 2,348,500	\$ 354,689	\$ (493,883)	\$ 2,209,306	\$ 363,092
<b>Business-type activities:</b>					
Bonds and notes payable	\$ 7,622,743	\$ 7,654,309	\$ (702,962)	\$ 14,574,090	\$ 4,764,265
Financed purchases payable	276,267	-	(134,829)	141,438	96,663
Compensated absences	469,730	152,039	(130,236)	491,533	147,461
Business-type activities –					
Total long-term liabilities	\$ 8,368,740	\$ 7,806,348	\$ (968,027)	\$ 15,207,061	\$ 5,008,389

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

Bonds and notes payable in the City's business-type activities at September 30, 2020, were comprised of the following obligations:

\$79,438 - 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, 2024. This loan is payable from and secured by the net revenues of the City's water utility system.	\$ 79,438
\$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.	1,382,000
\$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.	5,745,419
\$6,611,000 - 2018 Electric Utility Revenue Note, for improvements to the City's electrical distribution system. The note is payable in annual installments of \$925,637 (including interest of 3.37% due semi-annually) through July 1, 2033. This Note carries a provision to draw \$1,500,000 minimum every six months, with the full amount of \$10,700,000 to be drawn no later than May 3, 2021. This note is payable from and secured by the net revenues of the City's electric utility system.	6,611,000
\$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.	38,060
\$719,185 - 2017 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$21,914 (including interest of 0.66%) through May 15, 2023. This loan is payable from and secured by the net revenues of the City's wastewater utility system.	718,173
\$343,475 - 2016 Equipment Financed Purchases, for the purchase of two electric utility trucks. Payable in monthly installments of \$2,346 (including interest of 3.40-3.45%) beginning March 1, 2016 through February 1, 2022.	87,739
\$150,911 - 2017 Equipment Financed Purchases, for the purchase of a recycling truck. Payable in semiannual installments of \$18,712 (including interest of 4.50%) beginning July 24, 2017 through January 24, 2022.	53,699
Total bonds and notes payable – business-type activities	<u><u>\$ 14,715,528</u></u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

Bonds and notes payable in the City's governmental activities at September 30, 2020, 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.	\$ 911,000
\$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.	788,000
Total bonds and notes payable – governmental activities	<u>\$ 1,699,000</u>

The annual requirements to amortize notes payable as of September 30, 2020, are as follows:

**Governmental Activities**

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 210,000	\$ 31,635	\$ 241,635
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
2026-2030	532,000	34,411	566,411
2031	80,000	1,350	81,350
Total	<u>\$ 1,699,000</u>	<u>\$ 154,851</u>	<u>\$ 1,853,851</u>

**Business-type Activities**

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 4,860,928	\$ 384,955	\$ 5,245,883
2022	1,063,972	260,662	1,324,634
2023	1,048,609	209,802	1,258,411
2024	1,077,854	179,979	1,257,834
2025	1,099,705	149,216	1,248,921
2026-2030	4,267,503	324,639	4,592,142
2031-2035	686,128	16,030	702,158
2036-2040	610,829	4,713	615,541
Total	<u>\$ 14,715,528</u>	<u>\$ 1,529,996</u>	<u>\$ 16,245,524</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(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, 2020, 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.

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

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

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

### **Contributions**

The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Employee Contribution Rate</b>	<b>Employer Contribution Rate</b>
Regular Class	3.00%	10.00%
Elected Officials	3.00%	49.18%
Senior Management	3.00%	27.29%

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

For the plan year ended June 30, 2020, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$ 271,444
Entity Contributions – HIS	54,433
Employee Contributions – FRS	98,374

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

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

At September 30, 2020, the City reported a liability of \$4,694,231 for its proportionate share of the net pension liability, \$3,540,879 related to FRS and \$1,153,352 to HIS. The net pension liability was measured as of June 30, 2020, 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, 2020 and June 30, 2019, the City's FRS proportion was 0.008169725% and 0.007082278%, respectively. At June 30, 2020 and June 30, 2019, the City's HIS proportion was 0.009446086% and 0.008316186%, respectively. For the year ended September 30, 2020, the City's recognized pension expense of \$781,214 from FRS and \$114,044 from HIS, for a grand total of \$895,258.

*Deferred outflows/inflows related to pensions:*

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 135,517	\$ -	\$ 47,179	\$ (890)
Changes of assumptions	641,012	-	124,018	(67,063)
Net difference between projected and actual investment earnings	210,827	-	921	-
Change in City's proportionate share	290,534	(163,276)	200,608	(55,795)
Contributions subsequent to measurement date	72,630	-	13,051	-
	<hr/> <u>\$ 1,350,520</u>	<hr/> <u>\$ (163,276)</u>	<hr/> <u>\$ 385,777</u>	<hr/> <u>\$ (123,748)</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 ye

ar ended September 30, 2020. 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:

2021	\$ 280,954
2022	378,759
2023	319,283
2024	233,384
2025	113,689
Thereafter	37,523
<hr/> <b>Total</b>	<hr/> <b>\$ 1,363,592</b>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(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%. This rate decreased from the prior year rate, which was 6.90%. 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 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. 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 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

<b>Plan</b>	<b>Current Discount Rate</b>	<b>NPL at</b>		
		<b>NPL with 1% Decrease</b>	<b>Current Discount Rate</b>	<b>NPL with 1% Increase</b>
FRS	6.80%	\$ 5,654,189	\$ 3,540,879	\$ 1,775,834
HIS	2.21%	1,333,223	1,153,352	1,006,128

**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, 2020:

Inactive participants	18
Active participants	22
Retired participants	3
Total current membership	<u><u>43</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, 2020**

(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, 2019 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, 2020, were as follows:

Employee contributions	\$ 12,201
City contributions	238,718
State contributions	114,750
Total contributions	<u><u>\$ 365,669</u></u>

**Investment Policy**

See Note (2) 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, 2020, was as follows:

Total pension liability	\$ 5,754,884
Plan fiduciary net position	<u><u>(6,699,977)</u></u>
Net pension liability (asset)	<u><u>\$ (945,093)</u></u>
Plan fiduciary net position as percentage of total pension liability	116.42%

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2019, with a measurement date of September 30, 2020, using the following actuarial assumptions to all measurement periods.

Inflation	2.77%
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, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Arithmetic Expected Rate of Return</b>
Core Bonds	15.0%	1.60%
Core Plus	15.0%	2.10%
Large Cap Equity	34.0%	4.60%
Small Cap Equity	11.0%	5.50%
Foreign Equity	15.0%	6.70%
Core Real Estate	10.0%	5.00%
Total	<u>100.00%</u>	4.23%

*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, 2020**

**(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:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a - b)</b>
Beginning Balance	\$ 5,832,105	\$ 6,010,241	\$ (178,136)
Changes for year:			
Service cost	383,393	-	383,393
Expected investment growth	433,108	430,514	2,594
Unexpected investment growth	-	(25,509)	25,509
Demographic experience	(844,678)	-	(844,678)
Contributions – employer/state	-	353,468	(353,468)
Contributions – employee	-	12,201	(12,201)
Benefit payments, including refunds	(49,044)	(49,044)	-
Administrative expenses	-	(31,894)	31,894
Net changes	(77,221)	689,736	(766,957)
Ending Balance	<u>\$ 5,754,884</u>	<u>\$ 6,699,977</u>	<u>\$ (945,093)</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:

<b>City's Net Pension Liability (Asset)</b>	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Municipal Police Officers' Retirement Trust Fund	72,363	(945,093)	(1,760,627)

*Money-weighted rate of return:*

For the year ended September 30, 2020, 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	6.37%
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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, 2020**

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$364,578 in the Plan.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 122,162	\$ (871,625)
Changes of assumptions	517,134	-
Net different between projected and actual investment earnings	<u>12,556</u>	<u>-</u>
	<u>\$ 651,852</u>	<u>\$ (871,625)</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:

2021	\$ (33,131)
2022	18,492
2023	22,346
2024	5,185
2025	84
Thereafter	<u>(232,749)</u>
Total	<u>\$ (219,773)</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 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.

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

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

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

**Total OPEB Liability**—The City's total OPEB liability of \$547,014 was measured as of September 30, 2020, 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, 2020 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	2.14%
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 2.14%. 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.

Changes in the OPEB liability for the fiscal year ended September 30, 2020, were as follows:

	<b>Total OPEB Liability</b>
Balance at September 30, 2019	\$ 546,069
Changes for a year:	
Service cost	52,822
Interest	19,054
Differences between expected and actual experience	(47,916)
Changes of assumptions	14,787
Benefit payments	(37,802)
Net changes	945
Balance at September 30, 2020	<u><u>\$ 547,014</u></u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

*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 2.14%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 617,395	\$ 547,014	\$ 488,201

*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	\$ 477,510	\$ 547,014	\$ 631,650

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

At September 30, 2020 , 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.

Fiscal Year Ending	<u>9/30/2020</u>
Service cost	\$ 52,822
Interest	19,054
Recognition of Changes in Total OPEB Liability	(33,129)
Administrative Expenses	3,600
<b>Total OPEB Expense</b>	<b>\$ 42,347</b>

**(9) Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(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, 2020, FMPA has 31 members, including the City. One of FMPA’s responsibilities is to develop electric projects and offer participation therein to its members. Its members individually determine in which project or projects they wish to participate. FMPA is governed by a Board of Directors on which the City is represented. The City, by agreement, has no equity interest in any of the assets owned by FMPA, or any obligation for liabilities of the Agency. FMPA does not constitute a joint venture nor does it meet the criteria for inclusion in the City’s reporting entity.

**St. Lucie Project**

In May 1983, FMPA issued \$290,000,000 St. Lucie Project Revenue Bonds, Series 1983 (Series 1983) in order to purchase an 8.806% undivided ownership interest in Florida Power and Light Company’s (FP&L) St. Lucie Unit No. 2. In March 1986, FMPA issued \$284,810,000 in St. Lucie Project Refunding Revenue Bonds, Series 1986, to advance refund \$250,910,000 of the outstanding Series 1983 bonds in a legal defeasance of that portion of the Series 1983 bonds. In July 1992, FMPA issued \$326,090,000 St. Lucie Project Refunding Revenue Bonds, Series 1992 (Series 1992), to advance refund in the prior two issues. In 2000 and 2002, FMPA issued two additional refunding bonds to partially refund the 1992 issue. In addition, FMPA has issued several additional bonds. The 2000 and 2002 bonds were variable rate bonds and were retired in December 2018. The 2009A bonds were retired in October, 2019. At September 30, 2020, the total outstanding amount related to the St. Lucie Project is \$117,135,000. The City is contingently liable for 1.757% of the total amount of outstanding debt, (approximately \$2,058,062) at September 30, 2020. 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 2020 were \$824,520.

**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)

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

materialize, consistent with the terms of this agreement. The City and FMPA discussed the possibility of Executive Committee action to extend the availability of the Load Attraction Incentive Rate so it is available to be utilized by the City for the entire term of this agreement. FMPA and the City entered into this agreement for FMPA to provide supplemental power and ancillary services to the City, in accordance with the terms of this agreement, in place of a CROD Responsibility Agreement which would otherwise be required.

Power rates are determined by the Board, subject to the approval of the project participants, but must be sufficient to meet FMPA's revenue requirements. Charges to the City are payable solely from utility revenues and in no way can FMPA compel the City to exercise its taxing power. Total costs under this contract during 2020 were \$7,231,414.

(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, 2020, 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, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and 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 March 29, 2021, management believes that a material impact on the Company's financial position and results of future operations is reasonably possible.

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(13) Subsequent Events:**

On January 19, 2021, City Council authorized a \$12,000,000 Clean Water State Revolving Fund (SRF) agreement, WW100420, for Phase II Construction of the Consolidated Advanced Wastewater Treatment Plant (AWWTP). The agreement included a principal forgiveness amount of \$4,452,835(Grant SG 100421) providing for an actual repayment amount of \$7,547,165.

In December 2020, the 2019 Wastewater SRF loan WW100402 principal was reduced with \$4,013,219 of loan forgiveness through grant funding as stipulated in the loan agreement.

**(14) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2020, 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. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) 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.
- (c) GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2019.
- (d) 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.

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 52,822	\$ 35,852	\$ 37,406
Interest	19,054	21,485	19,120
Differences Between Expected and Actual Experience	(47,916)	-	-
Changes of assumptions	14,787	31,216	(27,170)
Benefit payments	(37,802)	(40,776)	(37,495)
Net change in total OPEB liability	945	47,777	(8,139)
Total OPEB liability – beginning	<u>546,069</u>	<u>498,292</u>	<u>506,431</u>
Total OPEB liability – ending	<u>\$ 547,014</u>	<u>\$ 546,069</u>	<u>\$ 498,292</u>
 Covered employee payroll	 \$ 4,102,700	 \$3,399,116	 \$3,316,211
Total OPEB liability as a percentage of covered employee payroll	13.33%	16.07%	15.03%

*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:

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, 2020. 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

<b>Reporting Period Ending</b>	<b>9/30/2020</b>	<b>9/30/2019</b>	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
<b>Measurement Date</b>	<b>9/30/2020</b>	<b>9/30/2019</b>	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
Total pension liability						
Service cost	\$ 383,393	\$ 300,036	\$ 299,380	\$ 219,094	\$ 219,094	\$ 150,177
Interest	433,108	390,380	311,403	274,502	215,822	216,948
Differences between expected and actual experience	(844,678)	-	-	-	(136,512)	(18,269)
Demographic experience			183,242	-	-	-
Benefit payments	(49,044)	(36,019)	(19,638)	(41,910)	(19,062)	(18,780)
Assumption changes			228,664	-	557,241	-
<b>Net change in total pension liability</b>	<b>(77,221)</b>	<b>654,397</b>	<b>1,003,051</b>	<b>451,686</b>	<b>836,583</b>	<b>330,076</b>
<b>Total pension liability, beginning</b>	<b>5,832,105</b>	<b>5,177,708</b>	<b>4,174,657</b>	<b>3,722,971</b>	<b>2,886,388</b>	<b>2,556,312</b>
<b>Total pension liability, ending (a)</b>	<b><u>\$5,754,884</u></b>	<b><u>\$5,832,105</u></b>	<b><u>\$5,177,708</u></b>	<b><u>\$4,174,657</u></b>	<b><u>\$3,722,971</u></b>	<b><u>\$2,886,388</u></b>
 <b>Plan Fiduciary net position</b>						
Contributions--employer	\$ 233,214	\$ 236,391	\$ 199,431	\$ 181,998	\$ 141,437	\$ 130,301
Contributions – state	120,254	121,585	102,575	93,609	85,340	73,815
Contributions--employee	12,201	11,902	10,065	10,155	8,475	8,100
Net investment income (loss)	405,005	302,608	362,248	545,018	291,007	(4,872)
Benefit payments, including refunds of contributions	(49,044)	(36,019)	(19,638)	(19,348)	(19,062)	(18,780)
Administrative expense	(31,894)	(21,148)	(30,900)	(15,546)	(27,174)	(16,444)
<b>Net change in plan fiduciary net position</b>	<b>689,736</b>	<b>615,319</b>	<b>623,781</b>	<b>795,886</b>	<b>480,023</b>	<b>172,120</b>
<b>Plan fiduciary net position, beginning</b>	<b>6,010,241</b>	<b>5,394,922</b>	<b>4,771,141</b>	<b>3,975,255</b>	<b>3,495,232</b>	<b>3,323,112</b>
<b>Plan fiduciary net position, ending (b)</b>	<b><u>\$6,699,977</u></b>	<b><u>\$6,010,241</u></b>	<b><u>\$5,394,922</u></b>	<b><u>\$4,771,141</u></b>	<b><u>\$3,975,255</u></b>	<b><u>\$3,495,232</u></b>
 <b>Net pension liability (asset) – ending (a) - (b)</b>	<b><u>\$ (945,093)</u></b>	<b><u>\$ (178,136)</u></b>	<b><u>\$ (217,214)</u></b>	<b><u>\$ (596,484)</u></b>	<b><u>\$ (252,284)</u></b>	<b><u>\$ (608,844)</u></b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	116.42%	103.05%	104.20%	114.29%	106.78%	121.09%
 <b>Covered payroll</b>	\$1,257,127	\$1,014,137	\$1,014,137	\$1,015,500	\$ 795,911	\$ 744,678
 <b>Net pension liability (asset) as a percentage of payroll</b>	-75.18%	-17.57%	-21.42%	-58.74%	-31.70%	-81.76%
 <b>Annual Money-Weighted Rate of Return</b>	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
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%
2011	218,693	218,693	-	727,111	30.08%

**Notes to Schedule:**

Valuation Date: 10/1/2019

**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,					
	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>						
Proportion of the net pension liability (NPL)	0.008169725%	0.007082278%	0.007796896%	0.007345438%	0.008451778%	0.007974291%
Proportionate share of the NPL	\$ 3,540,879	\$ 2,439,038	\$ 2,348,466	\$ 2,172,731	\$ 2,134,081	\$ 1,029,986
Covered payroll	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	107.98%	87.68%	91.60%	93.24%	85.89%	43.16%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program (HIS)</b>						
Proportion of the net pension liability (NPL)	0.009446086%	0.008316186%	0.007848355%	0.007194699%	0.008436522%	0.007652351%
Proportionate share of the NPL	\$ 1,153,352	\$ 930,498	\$ 830,679	\$ 769,290	\$ 983,242	\$ 780,419
Covered payroll	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	35.17%	33.45%	32.40%	33.01%	39.57%	32.70%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	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)**

	As of the Plan Year Ended June 30,					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Florida Retirement System (FRS)</b>						
Contractually required contribution	\$ 271,444	\$ 219,602	\$ 222,205	\$ 207,762	\$ 206,110	\$ 194,420
Contributions in relation to the contractually required contribution	<u>271,444</u>	<u>219,602</u>	<u>222,205</u>	<u>207,762</u>	<u>206,110</u>	<u>206,890</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,470)</u>
Covered payroll	\$ 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	8.28%	7.89%	8.67%	8.92%	8.30%	8.15%
<b>Health Insurance Subsidy Program (HIS)</b>						
Contractually required contribution	\$ 54,433	\$ 46,179	\$ 42,562	\$ 38,681	\$ 43,243	\$ 29,252
Contributions in relation to the contractually required contribution	<u>54,433</u>	<u>46,179</u>	<u>42,562</u>	<u>38,681</u>	<u>43,243</u>	<u>32,711</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,459)</u>
Covered payroll	\$ 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%	1.74%	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, 2020**

	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	
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ -	\$ 744,578	\$ 39,836	\$ 27,166	\$ 674,828	\$ 1,486,408
Due from other governments	<u>1,250,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,047</u>
<b>Total assets</b>	<b><u>\$ 1,250,047</u></b>	<b><u>\$ 744,578</u></b>	<b><u>\$ 39,836</u></b>	<b><u>\$ 27,166</u></b>	<b><u>\$ 674,828</u></b>	<b><u>\$ 2,736,455</u></b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 52,963	\$ 46,355	\$ 1,574	\$ -	\$ 70,000	\$ 170,892
Due to other funds	<u>1,285,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,291</u>
<b>Total liabilities</b>	<b><u>1,338,254</u></b>	<b><u>46,355</u></b>	<b><u>1,574</u></b>	<b><u>-</u></b>	<b><u>70,000</u></b>	<b><u>1,456,183</u></b>
<b>FUND BALANCES</b>						
Restricted for:						
Public safety	-	-	38,262	-	-	38,262
Building department	-	698,223	-	-	-	698,223
Assigned to:						
Capital improvements	-	-	-	27,166	604,828	631,994
Unassigned	(88,207)	-	-	-	-	(88,207)
<b>Total fund balances (deficit)</b>	<b><u>(88,207)</u></b>	<b><u>698,223</u></b>	<b><u>38,262</u></b>	<b><u>27,166</u></b>	<b><u>604,828</u></b>	<b><u>1,280,272</u></b>
<b>Total liabilities and fund balances (deficit)</b>	<b><u>\$ 1,250,047</u></b>	<b><u>\$ 744,578</u></b>	<b><u>\$ 39,836</u></b>	<b><u>\$ 27,166</u></b>	<b><u>\$ 674,828</u></b>	<b><u>\$ 2,736,455</u></b>

**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, 2020**

	Special Revenue Funds			Capital Project Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Disaster Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
<b>REVENUES</b>						
Licenses and permits	\$ -	\$ 405,100	\$ -	\$ -	\$ -	\$ 405,100
Intergovernmental	1,188,772	-	-	-	-	1,188,772
Total revenues	1,188,772	405,100	-	-	-	1,593,872
<b>EXPENDITURES</b>						
Current:						
General government	47,374	326,189	-	-	-	373,563
Public safety	-	-	16,501	-	-	16,501
Capital outlay	62,945	12,700	-	-	-	75,645
Debt service:						
Principal retirement	-	-	-	143,000	63,000	206,000
Interest and fiscal charges	-	-	-	16,602	18,788	35,390
Total expenditures	110,319	338,889	16,501	159,602	81,788	707,099
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,078,453</b>	<b>66,211</b>	<b>(16,501)</b>	<b>(159,602)</b>	<b>(81,788)</b>	<b>886,773</b>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	159,602	81,788	241,390
Transfers out	(1,161,476)	-	-	-	-	(1,161,476)
Total other financing sources (uses)	(1,161,476)	-	-	159,602	81,788	(920,086)
Net change in fund balances (deficit)	(83,023)	66,211	(16,501)	-	-	(33,313)
<b>Fund balances (deficit), beginning of year</b>	<b>(5,184)</b>	<b>632,012</b>	<b>54,763</b>	<b>27,166</b>	<b>604,828</b>	<b>1,313,585</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ (88,207)</b>	<b>\$ 698,223</b>	<b>\$ 38,262</b>	<b>\$ 27,166</b>	<b>\$ 604,828</b>	<b>\$ 1,280,272</b>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<b>Federal/ State Agency Pass-Through Entity Federal Program/ State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Contract/Grant Number</b>	<b>Expenditures</b>
<b><u>FEDERAL AGENCY</u></b>			
<b>Department of Justice</b>			
Direct:			
FDLE-JAGD-2019 Grant-Patrol Equipment I	16.738	2019-JAGD-CLAY-1-N3-087	\$ 2,413
FDLE-JAGD-2019 Grant-Patrol Equipment II	16.738	2020-JAGD-CLAY-1-N3-087	1,513
<b>Total Department of Justice</b>			<b><u>3,926</u></b>
<b>Department of Federal Highway Administration</b>			
Direct:			
Florida Department of Transportation Local Agency Program	20.205	D218-078-B	917
<b>Total Department of Federal Highway Administration and Highway Planning and Construction Cluster</b>			<b><u>917</u></b>
<b>Department of Treasury</b>			
Passed through the County of Clay:			
COVID-19 - Coronavirus Relief Fund - Public Safety Salaries	21.019	Interlocal Agreement	1,161,476
<b>Total U.S. Department of Treasury</b>			<b><u>1,161,476</u></b>
<b>Environmental Protection Agency</b>			
Passed through State of Florida, Department of Environmental Protection:			
Capitalization Grants for Drinking Water State Revolving Fund - Loan	66.468	DW 100102	79,438
Capitalization Grants for Drinking Water State Revolving Fund - Grant	66.468	DW 100102	79,437
<b>Total Environmental Protection Agency and Drinking Water State Revolving Fund Cluster</b>			<b><u>158,875</u></b>
<b>Department of Federal Emergency Management Agency</b>			
Passed through State of Florida, Division of Emergency Management:			
COVID-19 - Disaster Grants - Public Assistance	97.036	Z2198	27,296
<b>Total Department of Federal Emergency Management Agency</b>			<b><u>27,296</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,352,490</u></b>

**STATE AGENCY**

**Florida Department of Environmental Protection**

Direct:

Wastewater Treatment Facility Construction	37.077	WW 100402	\$ 4,574,871
Historic Spring Park Public Access Pier	37.085	Project No. L1801	600,000

**TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION AND EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**\$ 5,174,871**

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, 2020**

**(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, 2020, 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, 2020**

**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?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

***Federal Awards:***

Internal control over major Federal programs:	
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported

Identification of major Federal programs:

<b>CFDA Number</b>	<b>Program Name</b>
21.019	Coronavirus Relief Fund
Dollar threshold used to distinguish between type A and type B Federal programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

***State Financial Assistance:***

Internal control over major State projects:	
Material weakness(es) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Type of auditor's 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?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Dollar threshold used to distinguish between Type A and Type B State projects:	<u>\$750,000</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Identification of major State projects:

<b>CSFA Number</b>	<b>Project Name</b>
37.077	Wastewater Treatment Facility Construction

**B. Financial Statement Findings:**

No financial statement findings were noted.

**C. Federal Programs 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:**

Not applicable since no findings were reported.



**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, 2020. 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.

- 66 -

121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

### ***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, 2020.

### **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  
March 29, 2021

*James Moore Jr., P.L.*

**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2021.

***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.

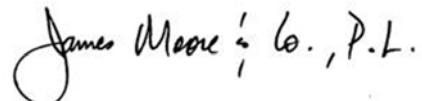
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

### ***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*.

### **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, CPA, P.L." The signature is fluid and cursive, with "James" and "Moore" being the most prominent parts, separated by a small ampersand. "CPA" is written in a smaller, more formal font above "P.L." which stands for "Professional Licensee".

Daytona Beach, Florida  
March 29, 2021

**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, 2020, and have issued our report thereon dated March 29, 2021.

**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 March 29, 2021, 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. The following is a summary of the prior year recommendations:

**2019-001 Deficit Assigned/Unassigned Fund Balance and Deficit Unrestricted Net Positions -  
Corrective action taken.**

**Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

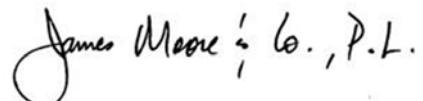
Section 10.554(1)(i)2., Rules of the Auditor General, requires us to address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Other 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.

## **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.

A handwritten signature in black ink that reads "James Moore, CPA, P.L." The signature is fluid and cursive, with "James" and "Moore" being the most prominent parts, followed by "CPA" and "P.L." in smaller letters.

Daytona Beach, Florida  
March 29, 2021

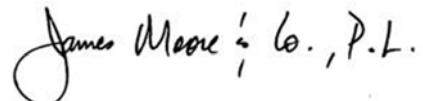
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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, 2020. 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, 2020, 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, 2020.



Daytona Beach, Florida  
March 29, 2021



# City of Green Cove Springs

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

321 Walnut Street  
Fax: (904) 284-2718

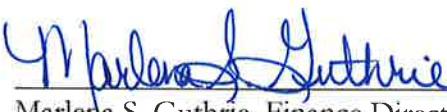
Green Cove Springs, Florida 32043  
[www.greencovesprings.com](http://www.greencovesprings.com)

## 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 25th day of MARCH, 2021.



\_\_\_\_\_  
NOTARY PUBLIC  
Print Name Kimberly J. Thomas

Personally known \_\_\_\_\_ or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

Nov. 21, 2021

