

**CITY OF GREEN COVE SPRINGS, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**



CITY COUNCIL

*Steven Kelly, Mayor
Van Royal, Vice Mayor
Mitch Timberlake
Connie Butler
Pamela Lewis*

CITY MANAGER

Steve Kennedy

CITY CLERK

Erin West

FINANCE DIRECTOR

Marlena Guthrie

**CITY OF GREEN COVE SPRINGS, FLORIDA
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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, 2019, 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.

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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, 2019, 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.

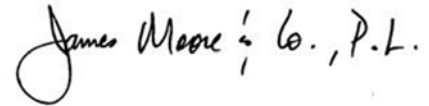
Other Information

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 combining nonmajor fund financial statements and schedule of expenditures of state financial assistance as required by Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of expenditures of 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 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 combining nonmajor fund financial statements and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Daytona Beach, Florida
March 7, 2020

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, 2019, by \$58.0 million. Unrestricted net position was \$9.2 million at September 30, 2019.
- The City's net position decreased by \$379,356 or .65%. The governmental net position decreased \$303,662 or 1.19% and the business-type net position decreased by \$75,694 or .23%.
- The business-type activities revenues, including capital grants and investment revenue, decreased by \$1.7 million or 8.44% and the net results from activities decreased by \$2.1 million or 103.55%.
- The governmental net position decreased due to a decrease in grants and contributions.
- The business-type net position decreased mainly due to the nonreceipt of wastewater/reclaimed water capital grants during fiscal year 2019.

City Highlights

- The City spent approximately \$1.5 million on capital improvements, of which \$184K was for street overlay, roadway improvements and pavement markings. The City also purchased approximately \$85K in computer equipment for the various General Fund departments. \$10K was spent on Right of Way Equipment, \$99K was spent on City Hall renovations and repairs, \$15K was spent on sidewalks throughout the City, \$47K was spent on an Electric Reader Board at City Hall. \$210K was spent replacing vehicles and equipment within the Police Department. \$290K was spent on park improvements and equipment. \$539K was spent on the Public Works compound building.
- During this fiscal year, the Electric Department spent \$328K on Pole Inspections and Replacements. \$68K was spent on line extensions. \$939K was spent on Electric O/H Conductors & Devices. Additional transformers were also purchased during the year for \$11K. \$589K was expended for electric structures and improvements. \$120K was spent on Electric U/G Conductors & Devices.
- The Water Department replaced electronic meters and spent \$16K during the fiscal year. \$44K was spent on Water Pumps. \$45K was spent on new meter installations.
- The Wastewater Department expended \$1.3 million for the Wastewater Treatment Plant and \$351K for a new Vac-Con Truck. \$90K was spent on lift station pumps.

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

City Highlights (Concluded)

- The Customer Service Department expended \$7K for a Neptune Data Collector.
- The Stormwater Department expended \$28K for a 2019 F-150 Truck and \$69K for West Street storm drain repair.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Fund Financial Statements (Concluded)

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

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

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

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

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

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The Notes to the Financial Statements can be found on pages 28 through 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 \$58 million which does not reflect an increase or decrease at the close of the fiscal year ended September 30, 2019. A portion of the City's net position, \$4,749,591, represents resources that are subject to external restrictions on how they may be used. Governmental activities had \$2,307,160 in restricted net position and the business-type activities had \$2,442,431 in restricted net position at September 30, 2019.

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

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

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

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

Statement of Net Position As of September 30, 2019 (In 000s)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2018	2019	2018	2019	2018	2019	
Current and Other Assets	\$ 3,381	\$ 3,513	\$ 15,475	\$ 18,497	\$ 18,856	\$ 22,010	16.73%
Capital Assets	26,564	26,710	24,299	26,735	50,863	53,445	5.08%
Total Assets	<u>\$ 29,945</u>	<u>\$ 30,223</u>	<u>\$ 39,774</u>	<u>\$ 45,232</u>	<u>\$ 69,719</u>	<u>\$ 75,455</u>	8.23%
 Deferred Outflows	 \$ 1,732	 \$ 1,453	 \$ 472	 \$ 451	 \$ 2,204	 \$ 1,904	 -13.61%
Current Liabilities	\$ 824	\$ 1,479	\$ 3,314	\$ 3,970	\$ 4,138	\$ 5,449	31.68%
Long-term Liabilities	4,715	4,468	4,309	9,141	9,024	13,609	50.81%
Total Liabilities	<u>\$ 5,539</u>	<u>\$ 5,947</u>	<u>\$ 7,623</u>	<u>\$ 13,111</u>	<u>\$ 13,162</u>	<u>\$ 19,058</u>	44.80%
 Deferred Inflows	 \$ 583	 \$ 478	 \$ 169	 \$ 193	 \$ 752	 \$ 671	 -10.77%
 Net Position:							
Net Investment in Capital Assets	\$ 24,457	\$ 24,806	\$ 21,102	\$ 18,835	\$ 45,559	\$ 43,641	-4.21%
Restricted	2,217	2,307	2,069	2,442	4,286	4,749	10.80%
Unrestricted	(1,119)	(1,862)	9,283	11,101	8,164	9,239	13.17%
 Total Net Position	 <u>\$ 25,555</u>	 <u>\$ 25,251</u>	 <u>\$ 32,454</u>	 <u>\$ 32,379</u>	 <u>\$ 58,009</u>	 <u>\$ 57,629</u>	 <u>-.66%</u>

Normal Impacts

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

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

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

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

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

Normal Impacts (Concluded)

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

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

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

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, 2019 (In 000s)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2018	2019	2018	2019	2018	2019	
<u>REVENUES</u>							
Charges for Services	\$ 1,337	\$ 1,469	\$17,096	\$17,626	\$ 18,433	19,095	3.59%
Operating Grants and Contributions	689	595	0	0	689	595	-13.6%
Capital Grants and Contributions	56	50	2,271	93	2,327	143	-93.9%
General Revenues:							
Property Taxes	1,388	1,543	0	0	1,388	1,543	11.17%
State Revenue Sharing	243	255	0	0	243	255	4.94%
Sales and Use Tax	420	433	0	0	420	433	3.10%
Discretionary Sales Surtax	884	904	0	0	884	904	2.26%
Investment Income	36	73	87	119	123	192	56.10%
Business and Utility Taxes	584	594	0	0	584	594	1.71%
Sale of Fixed Assets	0	0	0	0	0	0	0.00%
Other General Revenues	100	240	221	143	321	383	19.31%
Total Revenues	<u>\$ 5,737</u>	<u>\$ 6,156</u>	<u>\$19,675</u>	<u>\$17,981</u>	<u>\$ 25,412</u>	<u>\$ 24,137</u>	<u>-5.02%</u>

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2018	2019	2018	2019	2018	2019	
<u>EXPENSES</u>							
Governmental							
Activities:							
General							
Government	\$ 1,809	\$ 1,648	\$ 0	\$ 0	\$ 1,809	\$ 1,648	-8.90%
Public Safety	2,739	3,202	0	0	2,739	3,202	16.90%
Transportation	1,519	1,382	0	0	1,519	1,382	-9.02%
Physical							
Environment	193	145	0	0	193	145	-24.87%
Culture and							
Recreation	908	1,015	0	0	908	1,015	11.78%
Interest on							
Long-term							
Debt	42	38	0	0	42	38	-9.52%
Business-type							
Activities:							
Electric	0	0	11,795	11,936	11,795	11,936	1.20%
Water	0	0	1,700	1,925	1,700	1,925	13.24%
Wastewater	0	0	2,055	2,192	2,055	2,192	6.67%
Stormwater	0	0	206	255	206	255	23.79%
Solid Waste	0	0	712	778	712	778	9.27%
Total Expenses	\$ 7,210	\$ 7,430	\$16,468	\$17,086	\$ 23,678	\$ 24,516	3.54%
Excess of Revenues							
Over Expenses	\$ (1,473)	\$ (1,274)	\$ 3,207	\$ 895	\$ 1,734	\$ (379)	-121.9%
Transfers	1,075	970	(1,075)	(970)	0	0	
NET INCREASE	\$ (398)	\$ (304)	\$ 2,132	\$ (75)	\$ 1,734	\$ (379)	-121.9%

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, 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 2019, investment income increased 56% 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 21% 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 Cody & Associates, Inc. It was presented and received by the Council on May 20, 2014. Implementation of the classification and compensation study began in fiscal year 2015 and was fully implemented in fiscal year 2016.

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

Economic reports indicate the local, state, and national economy is showing signs of recovery, as is also evidenced by the increase in sales taxes and shared revenues collected. The City's property tax revenue increased by 11.17% for fiscal year 2019. The City's millage rate for this fiscal year is 3.60 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 an increase in charges for services and property taxes. General fund revenues, including transfers-in, increased from the previous year with an overall increase of 4.6%.

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

Current Year Impacts (Concluded)

Revenues (Concluded)

Interest revenues are increasing due to increasing market rates.

The business-type activities (Proprietary Fund) revenues decreased by approximately 8.61%, due mainly to a decrease in electric, water and wastewater capital grants and contributions.

Expenses

The Governmental activities expenses increased by approximately 3.05%, primarily due to an increase in public safety expenses.

The primary increase in the business-type activities is a result of an increase in personnel services for electric, water, wastewater and stormwater utilities. The business-type activities expenses, excluding transfers, increased by 3.75%.

Proprietary Funds

The Utility Fund accounting for the Electric, Water, Wastewater, Stormwater, Solid Waste, internal service fund activities had a decrease in net position of \$75,694. Operating revenues increased by \$529,295 and operating expenses increased by \$525,406. Utility fund operating expenses (excluding depreciation) increased by 1.26%.

Budgetary Highlights

The most significant budget adjustments were as follows:

General Fund

- There were no major budget amendments made during the fiscal year. The Intergovernmental Revenues had a significant variance between the final budget and actuals in the amount of \$1,003,065 and the Capital Outlay Expenditures had a significant variance between the final budget and actuals in the amount of \$2,182,533. At the end of FY 19, there were 3 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 Spring Park Pier Improvements and \$122K was budgeted for St. Johns River Trail-Phase II. Capital Outlay Expenditures were affected by an additional \$1.0 million that was budgeted for the new Public Works Building versus the actual expenditures.

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 \$53,445,179 invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of \$2,582,250 or 5.08% from the end of last year. Capital Asset Activity is further outlined in the Notes to Financial Statements, Note No. 6.

	Net of Depreciation (In 000s)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2018	2019	2018	2019	2018	2019
Land and Land Rights	\$ 8,063	\$ 8,063	\$ 227	\$ 227	\$ 8,290	\$ 8,290
Construction in Progress	0	538	2,196	3,495	2,196	4,033
Buildings and Plants	10,565	10,565	45,650	47,627	56,215	58,192
Improvements Other than Buildings	6,827	7,201	0	0	6,827	7,201
Equipment	3,029	3,331	0	0	3,029	3,331
Infrastructure	9,597	9,796	8,554	9,693	18,151	19,489
Less:						
Accumulated Depreciation	(11,517)	(12,783)	(32,328)	(34,308)	(43,845)	(47,091)
Total	<u>\$ 26,564</u>	<u>\$ 26,711</u>	<u>\$ 24,299</u>	<u>\$ 26,734</u>	<u>\$ 50,863</u>	<u>\$ 53,445</u>

The following reconciliation summarizes the change in Capital Assets.

	Change in Capital Assets (In 000s)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2018	2019	2018	2019	2018	2019
Beginning Balance, Net	\$ 26,926	\$ 26,564	\$ 20,976	\$ 24,299	\$ 47,902	\$ 50,863
Additions	915	1,485	5,813	4,437	6,728	5,922
Retirement						
Other	(166)	(72)	(830)	(23)	(996)	(95)
Depreciation	(1,111)	(1,266)	(1,660)	(1,979)	(2,771)	(3,245)
Ending Balance, Net	<u>\$ 26,564</u>	<u>\$ 26,711</u>	<u>\$ 24,299</u>	<u>\$ 26,734</u>	<u>\$ 50,863</u>	<u>\$ 53,445</u>

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

Capital Assets (Concluded)

This year's major additions were:

Governmental Activities:	<i>In (000s)</i>
BIS Digital Audio Video Installation	\$ 15
City Hall Renovations	99
Public Works Street Overlay & Pavement Markings	184
Police Vehicles	210
Parks Improvements	193
Parks Equipment	75
Sidewalks Throughout City	15
City Hall Electric Reader Board	47
Computer Equipment	70
Public Works Building Compound	539
Parks Vehicle	22
Right of Way Equipment	10
 Business-type Activities:	
Electric Pole Inspection/Replacement Project	328
Electric Line Extensions	68
Electric O/H Conductors & Devices	939
Electric Equipment	20
Electric Transformers	11
Electric U/G Conductors & Devices	120
Electric Magnolia Point 3 rd Feeder	19
Electric Street Lights	25
Electric Structures & Improvements	589
Water Meter Replacement	16
Water Pumps	44
Water New Meter Installation	45
Wastewater Lift Station Pumps	90
Wastewater Treatment Plant	1,298
Wastewater Repairs	230
Wastewater Vac-Con Truck	351
Wastewater 300 KW Generator	49
Stormwater West St. Storm Drain Repair	69
Stormwater 2019 F-150 Truck	28
Customer Service Neptune Data Collector	7

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

Debt Outstanding

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

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

	Totals	
	2019	2018
Governmental:		
Compensated Absences	\$ 444	\$ 513
Total OPEB Liability	377	346
Sales Tax Revenue Note		
Series 2016A	1,054	1,195
Series 2016B	851	912
Net Pension Liability	2,082	2,105
Sub-Total – Governmental	4,808	5,071
Business-type:		
Utility Notes	7,623	2,790
Equipment Notes	276	407
Compensated Absences	470	433
Total OPEB Liability	168	152
Net Pension Liability	1,288	1,074
Sub-Total – Business-Type	9,825	4,856
Total	\$ 14,633	\$ 9,927

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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash	\$ 708,342	\$ 10,380,292	\$ 11,088,634
Investments	1,608,174	4,544,687	6,152,861
Receivables, net	33,477	2,061,701	2,095,178
Internal balances	107,329	(107,329)	-
Due from other governments	580,774	739,171	1,319,945
Inventories	60,923	542,509	603,432
Prepays	113,821	25,017	138,838
Restricted assets:			
Equity in pooled cash	121,913	400	122,313
Investments	-	310,508	310,508
Net pension asset	178,136	-	178,136
Capital assets:			
Capital assets, not being depreciated	8,601,010	3,722,103	12,323,113
Other capital assets, net of depreciation	18,109,517	23,012,549	41,122,066
Total assets	<u>\$ 30,223,416</u>	<u>\$ 45,231,608</u>	<u>\$ 75,455,024</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 1,452,899</u>	<u>\$ 451,176</u>	<u>\$ 1,904,075</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,130,367	\$ 1,935,842	\$ 3,066,209
Customer deposits	325	726,287	726,612
Unearned revenue	-	574,364	574,364
Accrued interest payable	9,082	48,877	57,959
Noncurrent liabilities:			
Due within one year:			
Bonds, notes, and capital leases payable	206,000	543,590	749,590
Compensated absences	133,050	140,920	273,970
Due in more than one year:			
Bonds, notes, and capital leases payable	1,699,000	7,355,420	9,054,420
Compensated absences	310,450	328,810	639,260
Total OPEB liability	377,462	168,607	546,069
Net pension liability	2,081,736	1,287,800	3,369,536
Total liabilities	<u>\$ 5,947,472</u>	<u>\$ 13,110,517</u>	<u>\$ 19,057,989</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 478,040</u>	<u>\$ 193,478</u>	<u>\$ 671,518</u>
NET POSITION			
Net investment in capital assets	\$ 24,805,527	\$ 18,835,642	\$ 43,641,169
Restricted for:			
Public safety	116,095	-	116,095
Pensions	178,136	-	178,136
Debt service	51,499	262,992	314,491
Building department	632,012	-	632,012
Capital projects - infrastructure surtax	1,114,672	-	1,114,672
Capital projects - transportation only	210,694	-	210,694
Transportation - operations and capital	4,052	-	4,052
System Improvements	-	2,179,439	2,179,439
Unrestricted	(1,861,884)	11,100,716	9,238,832
Total net position	<u>\$ 25,250,803</u>	<u>\$ 32,378,789</u>	<u>\$ 57,629,592</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, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,647,796	\$ 81,286	\$ -	\$ -	\$ (1,566,510)	\$ -	\$ (1,566,510)
Public safety	3,202,363	1,273,096	68,739	-	(1,860,528)	-	(1,860,528)
Transportation	1,382,218	-	514,385	-	(867,833)	-	(867,833)
Physical environment	144,552	-	-	-	(144,552)	-	(144,552)
Culture and recreation	1,015,224	114,652	11,868	49,987	(838,717)	-	(838,717)
Interest on long-term debt	38,091	-	-	-	(38,091)	-	(38,091)
Total governmental activities	7,430,244	1,469,034	594,992	49,987	(5,316,231)	-	(5,316,231)
Business-type activities:							
Electric	11,935,994	12,462,180	-	-	-	526,186	526,186
Water	1,924,707	1,768,824	-	43,705	-	(112,178)	(112,178)
Sewer	2,192,292	2,434,799	-	48,939	-	291,446	291,446
Solid Waste	778,280	804,385	-	-	-	26,105	26,105
Stormwater	254,533	155,582	-	-	-	(98,951)	(98,951)
Total business-type activities	17,085,806	17,625,770	-	92,644	-	632,608	632,608
Total primary government	<u>\$ 24,516,050</u>	<u>\$ 19,094,804</u>	<u>\$ 594,992</u>	<u>\$ 142,631</u>	<u>(5,316,231)</u>	<u>632,608</u>	<u>(4,683,623)</u>
General revenues:							
Property taxes					1,543,245	-	1,543,245
Sales taxes					1,336,741	-	1,336,741
Public service taxes					375,112	-	375,112
Other taxes					36,451	-	36,451
Franchise and utility taxes					182,255	-	182,255
State revenue sharing					255,262	-	255,262
Other intergovernmental revenues					226,026	-	226,026
Investment earnings					73,584	118,622	192,206
Miscellaneous revenues					14,311	142,658	156,969
Transfers					969,582	(969,582)	-
Total general revenues and transfers					5,012,569	(708,302)	4,304,267
Change in net position					(303,662)	(75,694)	(379,356)
Net position - beginning					25,554,465	32,454,483	58,008,948
Net position - ending					<u>\$ 25,250,803</u>	<u>\$ 32,378,789</u>	<u>\$ 57,629,592</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in pooled cash and investments	\$ 842,111	\$ 1,596,318	\$ 2,438,429
Accounts receivable, net	33,477	-	33,477
Due from other governments	441,180	139,594	580,774
Due from other funds	300,819	-	300,819
Inventories	60,923	-	60,923
Prepaid items	113,821	-	113,821
Total assets	<u>\$ 1,792,331</u>	<u>\$ 1,735,912</u>	<u>\$ 3,528,243</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 901,530	\$ 228,837	\$ 1,130,367
Customer deposits	325	-	325
Due to other funds	-	193,490	193,490
Total liabilities	<u>901,855</u>	<u>422,327</u>	<u>1,324,182</u>
FUND BALANCES			
Nonspendable:			
Inventories	60,923	-	60,923
Prepaid items	113,821	-	113,821
Restricted for:			
Public safety	61,332	54,763	116,095
Debt service	60,581	-	60,581
Building department	-	632,012	632,012
Capital projects - infrastructure surtax	1,114,672	-	1,114,672
Capital projects - transportation only	210,694	-	210,694
Transportation - operations and capital	4,052	-	4,052
Assigned to:			
Capital projects	-	631,994	631,994
Unassigned	(735,599)	(5,184)	(740,783)
Total fund balances	<u>890,476</u>	<u>1,313,585</u>	<u>2,204,061</u>
Total liabilities and fund balances	<u>\$ 1,792,331</u>	<u>\$ 1,735,912</u>	<u>\$ 3,528,243</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Fund balances - total governmental funds \$ 2,204,061

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	39,494,141	
Less: accumulated depreciation	<u>(12,783,614)</u>	26,710,527

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

Net pension liability	(2,081,736)	
Net pension asset	178,136	
Deferred outflows related to pensions	1,452,899	
Deferred inflows related to pensions	<u>(478,040)</u>	(928,741)

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		(377,462)
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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	(1,905,000)	
Accrued interest payable	(9,082)	
Compensated absences	<u>(443,500)</u>	(2,357,582)

Net position of governmental activities		<u><u>\$ 25,250,803</u></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, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 3,446,650	\$ -	\$ 3,446,650
Permits and fees	6,216	396,656	402,872
Intergovernmental	1,133,550	-	1,133,550
Charges for services	775,952	-	775,952
Fines and forfeitures	914,303	-	914,303
Investment income	73,584	-	73,584
Miscellaneous	32,330	-	32,330
	<u>6,382,585</u>	<u>396,656</u>	<u>6,779,241</u>
Expenditures			
Current:			
General government	1,490,366	284,016	1,774,382
Public safety	3,070,430	5,479	3,075,909
Transportation	998,245	-	998,245
Physical environment	123,399	-	123,399
Culture and recreation	520,667	31,933	552,600
Capital outlay	1,484,782	-	1,484,782
Debt service:			
Principal retirement	-	202,000	202,000
Interest and fiscal charges	-	39,091	39,091
Total expenditures	<u>7,687,889</u>	<u>562,519</u>	<u>8,250,408</u>
Excess (deficiency) of revenues over expenditures	<u>(1,305,304)</u>	<u>(165,863)</u>	<u>(1,471,167)</u>
Other financing sources (uses)			
Transfers in	997,277	273,024	1,270,301
Transfers out	(300,719)	-	(300,719)
Total other financing sources (uses)	<u>696,558</u>	<u>273,024</u>	<u>969,582</u>
Net change in fund balances	<u>(608,746)</u>	<u>107,161</u>	<u>(501,585)</u>
Fund balances, beginning of year	1,499,222	1,206,424	2,705,646
Fund balances, end of year	<u><u>\$ 890,476</u></u>	<u><u>\$ 1,313,585</u></u>	<u><u>\$ 2,204,061</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds **\$ (501,585)**

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

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

Capital outlay expenditures	1,484,782
Depreciation expense	(1,338,243)

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	202,000
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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	(189,813)
Change in total OPEB liability	(31,402)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in accrued interest on long-term debt	1,000
Change in compensated absences liability	69,599

Change in net position of governmental activities	\$ (303,662)
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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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,518,998	\$ 3,518,998	\$ 3,446,650	\$ (72,348)
Permits and fees	15,000	15,000	6,216	(8,784)
Intergovernmental	2,136,615	2,136,615	1,133,550	(1,003,065)
Charges for services	801,081	801,081	775,952	(25,129)
Fines and forfeitures	939,000	939,000	914,303	(24,697)
Investment income	48,000	48,000	73,584	25,584
Miscellaneous	49,500	49,500	32,330	(17,170)
Total revenues	7,508,194	7,508,194	6,382,585	(1,125,609)
EXPENDITURES				
Current:				
General government	1,627,016	1,606,016	1,490,366	115,650
Public safety	2,993,392	2,984,392	3,070,430	(86,038)
Transportation	1,028,674	1,028,674	998,245	30,429
Physical environment	129,192	129,192	123,399	5,793
Culture and recreation	537,002	537,002	520,667	16,335
Capital outlay	3,637,315	3,667,315	1,484,782	2,182,533
Total expenditures	9,952,591	9,952,591	7,687,889	2,264,702
Excess (deficiency) of revenues over (under) expenditures	<u>(2,444,397)</u>	<u>(2,444,397)</u>	<u>(1,305,304)</u>	<u>1,139,093</u>
Other financing sources (uses)				
Transfers in	997,277	997,277	997,277	-
Transfers out	(320,091)	(320,091)	(300,719)	19,372
Proceeds from sale of capital assets	154,000	154,000	-	(154,000)
Total other financing sources (uses)	831,186	831,186	696,558	(134,628)
Net change in fund balances	<u>(1,613,211)</u>	<u>(1,613,211)</u>	<u>(608,746)</u>	<u>1,004,465</u>
Fund balances, beginning of year	1,499,222	1,499,222	1,499,222	-
Fund balances, end of year	<u>\$ (113,989)</u>	<u>\$ (113,989)</u>	<u>\$ 890,476</u>	<u>\$ 1,004,465</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, 2019

	Business-type Activities - Enterprise Funds						
	Major Funds				Nonmajor Fund		Business-type
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility	Total	Activities - Internal Service Funds
ASSETS							
Current assets:							
Equity in pooled cash	\$ 6,635,094	\$2,882,683	\$ 614,588	\$ 110,108	\$ -	\$10,242,473	\$ 137,819
Investments	4,306,847	237,840	-	-	-	4,544,687	-
Restricted cash	-	-	400	-	-	400	-
Restricted investments	229,135	81,373	-	-	-	310,508	-
Accounts receivable, net	1,489,818	200,363	285,951	72,855	12,714	2,061,701	-
Due from other governments	-	-	738,688	-	483	739,171	-
Inventories	492,369	48,113	2,027	-	-	542,509	-
Prepaid items	25,017	-	-	-	-	25,017	-
Total current assets	13,178,280	3,450,372	1,641,654	182,963	13,197	18,466,466	137,819
Noncurrent assets:							
Capital assets:							
Nondepreciable capital assets	-	147,670	3,574,433	-	-	3,722,103	-
Depreciable capital assets, net	10,098,787	6,121,899	5,666,826	393,764	687,678	22,968,954	43,595
Total noncurrent assets	10,098,787	6,269,569	9,241,259	393,764	687,678	26,691,057	43,595
Total assets	23,277,067	9,719,941	10,882,913	576,727	700,875	45,157,523	181,414
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	\$ -	\$ 137,873	\$ 148,971	\$ 79,797	\$ 6,570	\$ 373,211	\$ 77,965
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 1,253,663	\$ 57,895	\$ 579,255	\$ 22,046	\$ 6,992	\$ 1,919,851	\$ 15,991
Deposits	598,162	53,125	44,250	30,750	-	726,287	-
Unearned revenue	574,364	-	-	-	-	574,364	-
Due to other funds	-	-	-	-	107,329	107,329	-
Compensated absences	9,430	49,082	49,082	21,351	4,701	133,646	7,274
Payable from restricted assets:							
Capital leases payable - current	59,160	-	-	75,661	-	134,821	-
Current maturities on long-term debt	221,580	118,000	69,189	-	-	408,769	-
Accrued interest payable	35,135	12,542	239	961	-	48,877	-
Total current liabilities	2,751,494	290,644	742,015	150,769	119,022	4,053,944	23,265
Noncurrent liabilities:							
Bonds, notes, and capital leases payable, net	4,059,166	1,382,000	1,860,554	53,700	-	7,355,420	-
Compensated absences	22,003	114,523	114,523	49,818	10,969	311,836	16,974
Total OPEB liability	6,617	38,123	37,741	40,859	10,985	134,325	34,282
Net pension liability	-	393,536	425,211	227,765	18,751	1,065,263	222,537
Total noncurrent liabilities	4,087,786	1,928,182	2,438,029	372,142	40,705	8,866,844	273,793
Total liabilities	6,839,280	2,218,826	3,180,044	522,911	159,727	12,920,788	297,058
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	\$ -	\$ 59,125	\$ 63,883	\$ 34,219	\$ 2,817	\$ 160,044	\$ 33,434
NET POSITION							
Net investment in capital assets	\$ 5,758,881	\$4,769,569	\$ 7,311,516	\$ 264,403	\$ 687,678	\$18,792,047	\$ 43,595
Restricted for debt service	194,000	68,831	161	-	-	262,992	-
Restricted for system improvements	216,976	541,786	1,420,677	-	-	2,179,439	-
Unrestricted	10,267,930	2,199,677	(944,397)	(165,009)	(142,777)	11,215,424	(114,708)
Total net position	16,437,787	7,579,863	7,787,957	99,394	544,901	32,449,902	(71,113)
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds over time						(71,113)	
Net position, business-type activities						\$32,378,789	

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, 2019

	Business-type Activities - Enterprise Funds					Business-type Activities - Internal Service Funds	
	Major Funds			Nonmajor Fund			
	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Stormwater Utility		Total
Operating revenues							
Charges for services	\$ 12,373,622	\$ 1,756,528	\$ 2,404,090	\$ 799,148	\$ 155,582	\$ 17,488,970	\$ 453,497
Other revenues	88,558	12,296	30,709	5,237	-	136,800	-
Total operating revenues	12,462,180	1,768,824	2,434,799	804,385	155,582	17,625,770	453,497
Operating expenses							
Electric power expense	8,780,844	-	-	-	-	8,780,844	-
Personnel services	170,057	732,386	772,830	422,873	96,389	2,194,535	367,446
Billing and administrative	451,619	227,088	259,336	107,695	-	1,045,738	-
Contractual services	1,201,936	34,466	53,876	31,376	27,638	1,349,292	27,135
Utilities	8,768	122,801	161,964	5,075	-	298,608	-
Repairs and Maintenance	23,991	132,182	208,870	26,561	42,099	433,703	5,877
Materials and supplies	368,714	90,764	208,144	51,769	7,854	727,245	20,767
Insurance	24,837	19,145	-	5,372	-	49,354	984
Depreciation	780,079	499,158	505,654	120,860	80,553	1,986,304	9,631
Total operating expenses	11,810,845	1,857,990	2,170,674	771,581	254,533	16,865,623	431,840
Operating income (loss)	651,335	(89,166)	264,125	32,804	(98,951)	760,147	21,657
Nonoperating revenues (expenses)							
Interest earnings	83,008	16,799	11,068	7,747	-	118,622	-
Miscellaneous	108,171	12,830	-	-	-	121,001	-
Interest expense	(125,149)	(66,717)	(21,618)	(6,699)	-	(220,183)	-
Total nonoperating revenues (expenses)	66,030	(37,088)	(10,550)	1,048	-	19,440	-
Income (loss) before contributions and transfers	717,365	(126,254)	253,575	33,852	(98,951)	779,587	21,657
Capital contributions	-	43,705	48,939	-	-	92,644	-
Transfers in	-	-	-	-	27,695	27,695	-
Transfers out	(850,000)	(65,638)	(65,639)	(16,000)	-	(997,277)	-
Change in net position	(132,635)	(148,187)	236,875	17,852	(71,256)	(97,351)	21,657
Net position, beginning of year	16,570,422	7,728,050	7,551,082	81,542	616,157	32,547,253	(92,770)
Net position, end of year	\$ 16,437,787	\$ 7,579,863	\$ 7,787,957	\$ 99,394	\$ 544,901	\$ 32,449,902	\$ (71,113)
Change in enterprise fund's net position						\$ (97,351)	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						21,657	
Change in net position of business-type activities						\$ (75,694)	

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, 2019

	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	
Cash flows from operating activities							
Cash received from customers	\$12,687,720	\$1,789,180	\$1,662,352	\$ 809,182	\$ 156,929	\$17,105,363	\$ 453,497
Cash paid to employees	(600,621)	(857,176)	(933,833)	(483,585)	(92,575)	(2,967,790)	(328,660)
Cash paid to suppliers	(10,655,950)	(389,825)	(158,092)	(116,161)	(76,650)	(11,396,678)	(52,565)
Other receipts	108,171	12,830	-	-	-	121,001	-
Net cash provided by (used in) operating activities	1,539,320	555,009	570,427	209,436	(12,296)	2,861,896	72,272
Cash flows from noncapital financing activities							
Transfers from other funds	-	-	-	-	27,695	27,695	-
Transfers to other funds	(850,000)	(65,638)	(65,639)	(16,000)	-	(997,277)	-
Interfund loans	-	-	-	(10,873)	80,951	70,078	-
Net cash provided by (used in) noncapital financing activities	(850,000)	(65,638)	(65,639)	(26,873)	108,646	(899,504)	-
Cash flows from capital and related financing activities							
Acquisition and construction of capital assets	(2,112,536)	(62,006)	(2,061,598)	-	(96,350)	(4,332,490)	(6,512)
Principal payments of long-term debt	(57,137)	(329,047)	(1,905)	(73,232)	-	(461,321)	-
Proceeds from issuance of long-term debt	2,493,000	1,500,000	1,170,548	-	-	5,163,548	-
Interest paid	(113,885)	(66,717)	(21,419)	(6,970)	-	(208,991)	-
Net cash provided by (used in) capital and related financing activities	209,442	1,042,230	(914,374)	(80,202)	(96,350)	160,746	(6,512)
Cash flows from investing activities							
Interest received	83,008	16,799	11,068	7,747	-	118,622	-
Purchases of investments	(240,677)	(7,945)	-	-	-	(248,622)	-
Net cash provided by (used in) investing activities	(157,669)	8,854	11,068	7,747	-	(130,000)	-
Net change in cash and cash equivalents	741,093	1,540,455	(398,518)	110,108	-	1,993,138	65,760
Cash and cash equivalents, beginning of year	5,894,001	1,342,228	1,013,506	-	-	8,249,735	72,059
Cash and cash equivalents, end of year	<u>\$ 6,635,094</u>	<u>\$2,882,683</u>	<u>\$ 614,988</u>	<u>\$ 110,108</u>	<u>\$ -</u>	<u>\$10,242,873</u>	<u>\$ 137,819</u>
Cash and cash equivalents classified as:							
Unrestricted	\$ 6,635,094	\$2,882,683	\$ 614,588	\$ 110,108	\$ -	\$10,242,473	\$ 137,819
Restricted	-	-	400	-	-	400	-
Total cash and cash equivalents	<u>\$ 6,635,094</u>	<u>\$2,882,683</u>	<u>\$ 614,988</u>	<u>\$ 110,108</u>	<u>\$ -</u>	<u>\$10,242,873</u>	<u>\$ 137,819</u>
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ 651,335	\$ (89,166)	\$ 264,125	\$ 32,804	\$ (98,951)	\$ 760,147	\$ 21,657
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	780,079	499,158	505,654	120,860	80,553	1,986,304	9,631
Nonoperating revenues (expenses)	108,171	12,830	-	-	-	121,001	-
Changes in assets and liabilities:							
Accounts receivable	215,168	7,814	(36,859)	2,347	1,724	190,194	-
Due from other governments	-	-	(738,688)	-	(377)	(739,065)	-
Inventories	(196,017)	(12,919)	(1,282)	-	-	(210,218)	-
Prepaid items	(25,017)	-	29	-	-	(24,988)	-
Accounts payable and accrued liabilities	(25,826)	22,452	476,015	3,992	941	477,574	2,198
Deposits	28,369	-	3,100	2,450	-	33,919	-
Unearned revenue	(17,997)	12,542	-	-	-	(5,455)	-
Compensated absences	19,716	1,921	1,921	6,688	1,165	31,411	5,118
Net pension liability	-	95,865	91,890	37,603	1,973	227,331	31,034
Total OPEB liability	1,339	4,512	4,522	2,692	676	13,741	2,634
Net cash provided by (used in) operating activities	\$ 1,539,320	\$ 555,009	\$ 570,427	\$ 209,436	\$ (12,296)	\$ 2,861,896	\$ 72,272

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, 2019

	Pension Trust Fund
ASSETS	
Cash and cash equivalents with trustee	\$ 53,083
Employer contributions receivable - state insurance premium tax	112,173
Investments, at fair value:	
Pooled Funds – Broad Market HQ	849,322
Pooled Funds – Core Plus Fixed Income	843,424
Pooled Funds – Equities	4,152,239
Total investments	5,844,985
Total assets	\$ 6,010,241
NET POSITION	
Restricted for pensions	\$ 6,010,241

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, 2019

	Police Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 245,801
Members	11,902
State	112,175
Total contributions	<u>369,878</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	302,608
Less: investment management fee	(10,864)
Net investment income (loss)	<u>291,744</u>
Total additions	<u>661,622</u>
Deductions	
Member benefits	36,019
Administration fees	10,284
Total deductions	<u>46,303</u>
Change in net position	<u>615,319</u>
Net position restricted for pensions, beginning of year	5,394,922
Net position restricted for pensions, end of year	<u><u>\$ 6,010,241</u></u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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, 2019

(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, 2019

(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, 2019

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

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

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

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

<u>Assets</u>	<u>Years</u>
Water and Wastewater Treatment Plant	20 – 30
Water and Wastewater Pumping and Collecting Plant	20 – 30
General Plant and Equipment	10 – 20
Buildings	30
Improvements Other than Buildings	10 - 30
Machinery and equipment	5 – 35 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, 2019

(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, 2019, the property taxes receivable were not material.

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

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

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

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

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

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

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

(3) **Deposits and Investments:**

(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, 2019

(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, 2019:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>	<u>Credit Risk</u>
Florida PRIME	\$ 6,463,369	37 days	AAAm(S&P)

Municipal Police Officers' Retirement Trust Fund Investment Portfolio

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

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

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

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

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating (Fitch)</u>	<u>Fair Value Hierarchy Classification</u>
Pooled Funds –Broad Market HQ	\$ 849,322	6.43	AAf/S4	Level 2
Pooled Funds – Core Plus Fixed Income	843,424	5.16	NR	Level 3
Pooled Funds – Equities	3,580,125	N/A	NR	Level 2
Pooled Funds – Core Real Estate	572,113	N/A	NR	Level 3
Cash	53,083	N/A	NR	N/A
Total Portfolio	<u>\$ 5,898,067</u>			

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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, 2019, 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, 2019.

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, 2019, 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, 2019, 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 general fund of \$140,840, \$52,650, and \$107,329 from the disaster, special law enforcement, and stormwater utility funds, respectively.

The following is a summary of interfund transfers made during the 2019 fiscal year:

Fund	Transfers In	Transfers Out
General Fund	\$ 997,277	\$ (300,719)
Nonmajor Governmental Funds	273,024	-
Electric Fund	-	(850,000)
Water Fund	-	(65,638)
Sewer Fund	-	(65,639)
Storm Water Fund	27,695	-
Solid Waste Fund	-	(16,000)
Totals	<u>\$ 1,297,996</u>	<u>\$ (1,297,996)</u>

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(5) Receivables:

Receivables as of year-end include the applicable allowances for uncollectible accounts. The allowance for uncollectible accounts in the electric utility fund was \$80,000. No other funds had an allowance for uncollectible accounts recorded at September 30, 2019.

Approximately \$139,000 of the intergovernmental receivable amounts relate to Federal and State reimbursements related to Hurricane Irma, which impacted the City in fiscal year 2017. These amounts reflect management's best estimate of recoveries based on costs incurred and approved project worksheets, and are subject to change pending adjustments made by the respective Federal and/or State agencies.

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 8,062,781	\$ -	\$ -	\$ 8,062,781
Construction in progress	-	538,229	-	538,229
Total capital assets, not being depreciated	<u>8,062,781</u>	<u>538,229</u>	<u>-</u>	<u>8,601,010</u>
Capital assets, being depreciated –				
Buildings	10,565,291	-	-	10,565,291
Improvements	6,827,331	373,231	-	7,200,562
Machinery and equipment	3,028,877	373,651	(71,613)	3,330,915
Infrastructure	<u>9,596,692</u>	<u>199,671</u>	<u>-</u>	<u>9,796,363</u>
Total capital assets, being depreciated	<u>30,018,191</u>	<u>946,553</u>	<u>(71,613)</u>	<u>30,893,131</u>
Less accumulated depreciation for–				
Total accumulated depreciation	<u>(11,516,984)</u>	<u>(1,338,243)</u>	<u>71,613</u>	<u>(12,783,614)</u>
Total capital assets, being depreciated, net	<u>18,501,207</u>	<u>(391,690)</u>	<u>-</u>	<u>18,109,517</u>
Governmental activities capital assets, net	<u>\$ 26,563,988</u>	<u>\$ 146,539</u>	<u>\$ -</u>	<u>\$ 26,710,527</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 227,136	\$ -	\$ -	\$ 227,136
Construction in progress	2,196,474	1,298,493	-	3,494,967
Total capital assets, not being depreciated	<u>2,423,610</u>	<u>1,298,493</u>	<u>-</u>	<u>3,722,103</u>
Capital assets, being depreciated –				
Electric Transmission and Distribution Plant	19,967,620	1,502,507	(22,521)	21,447,606
Water/Wastewater Treatment Plant	9,544,942	-	-	9,544,942
Water/Wastewater Pumping and Collection Plant	16,137,514	496,877	-	16,634,391
General Plant and Equipment	<u>8,553,697</u>	<u>1,139,634</u>	<u>-</u>	<u>9,693,331</u>
Total capital assets, being depreciated	<u>54,203,773</u>	<u>3,139,018</u>	<u>(22,521)</u>	<u>57,320,270</u>
Less accumulated depreciation for –				
Total accumulated depreciation	<u>(32,328,442)</u>	<u>(1,995,935)</u>	<u>16,656</u>	<u>(34,307,721)</u>
Total capital assets, being depreciated, net	<u>21,875,331</u>	<u>1,143,083</u>	<u>(5,865)</u>	<u>23,012,549</u>
Business-type activities capital assets, net	<u>\$ 24,298,941</u>	<u>\$ 2,441,576</u>	<u>\$ (5,865)</u>	<u>\$ 26,734,652</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(6) Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 408,757
Public safety	118,548
Transportation	371,339
Physical environment	8,519
Culture and recreation	431,080
Total depreciation expense - governmental activities	<u>\$ 1,338,243</u>
Business-type activities:	
Electric	\$ 780,079
Water	499,158
Sewer	505,654
Solid Waste	120,860
Internal Service	9,631
Stormwater	80,553
Total depreciation expense - business-type activities	<u>\$ 1,995,935</u>

(7) Long-Term Obligations:

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
Sales Tax Revenue Note					
Series 2016A	\$ 1,195,000	\$ -	\$ (141,000)	\$ 1,054,000	\$ 143,000
Series 2016B	912,000	-	(61,000)	851,000	63,000
Total bonds and notes payable	2,107,000	-	(202,000)	1,905,000	206,000
Compensated absences	513,099	198,566	(268,165)	443,500	133,050
Governmental activities –					
Total long-term liabilities	<u>\$ 2,620,099</u>	<u>\$ 198,566</u>	<u>\$ (470,165)</u>	<u>\$ 2,348,500</u>	<u>\$ 339,050</u>
Business-type activities:					
Bonds and notes payable	\$ 2,790,147	\$ 5,163,548	\$ (330,952)	\$ 7,622,743	\$ 408,769
Capital leases payable	406,636	-	(130,369)	276,267	134,821
Compensated absences	433,201	175,789	(139,260)	469,730	140,920
Business-type activities –					
Total long-term liabilities	<u>\$ 3,629,984</u>	<u>\$ 5,339,337</u>	<u>\$ (600,581)</u>	<u>\$ 8,368,740</u>	<u>\$ 684,510</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(7) Long-Term Obligations: (Continued)

Bonds and notes payable in the City's business-type activities at September 30, 2019, were comprised of the following obligations:

\$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.	\$ 1,500,000
\$1,170,548 - 2019 Wastewater SRF Loan, for improvements to the City's wastewater system. The loan is payable in semi-annual installments of \$58,589 (including interest of 0.59%) through December 15, 2029. This loan is payable from and secured by the net revenues of the City's wastewater utility system.	1,170,548
\$4,193,000 - 2018 Electric Utility Revenue Note, for improvements to the City's electrical distribution system. The note is payable in annual installments of \$363,990 (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.	4,193,000
\$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.	40,010
\$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.	719,185
\$199,701 - 2016 Equipment Capital Lease, for the purchase of two garbage trucks. The lease is payable in annual installments of \$42,779 (including interest of 2.33%) beginning June 30, 2016 through June 30, 2020.	41,804
\$343,475 - 2016 Equipment Capital Leases, for the purchase of two electric utility trucks. The leases are payable in monthly installments of \$2,346 (including interest of 3.40-3.45%) beginning March 1, 2016 through February 1, 2022.	146,906
\$150,911 - 2017 Equipment Capital Lease, for the purchase of a recycling truck. The lease is payable in semiannual installments of \$18,712 (including interest of 4.50%) beginning July 24, 2017 through January 24, 2022.	87,557
Total bonds and notes payable – business-type activities	<u><u>\$ 7,899,010</u></u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(7) Long-Term Obligations: (Continued)

Bonds and notes payable in the City's governmental activities at September 30, 2019, 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 of \$1,119,534. \$ 1,054,000

\$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 of \$975,707. 851,000

Total bonds and notes payable – governmental activities \$ 1,905,000

The annual requirements to amortize notes payable as of September 30, 2019, are as follows:

Governmental Activities

Year Ending September 30,	Principal	Interest	Total
2020	\$ 206,000	\$ 35,390	\$ 241,390
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
2025-2029	679,000	47,165	726,165
2030-2031	158,000	4,466	162,466
Total	<u><u>\$ 1,905,000</u></u>	<u><u>\$ 190,241</u></u>	<u><u>\$ 2,095,241</u></u>

Business-type Activities

Year Ending September 30,	Principal	Interest	Total
2020	\$ 543,590	\$ 192,301	\$ 735,891
2021	612,885	187,209	800,094
2022	573,788	190,102	763,890
2023	542,064	157,882	699,946
2024	554,408	144,699	699,107
2025-2029	2,984,813	511,807	3,496,620
2030-2034	1,905,171	228,401	2,133,572
2034-2039	182,291	3,162	185,453
Total	<u><u>\$ 7,899,010</u></u>	<u><u>\$ 1,615,563</u></u>	<u><u>\$ 9,514,573</u></u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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 City 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, 2019, eligible retirees and beneficiaries received 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 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

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

Financial Statements

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

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

Contributions

The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2019, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Employee Contribution Rate	Employer Contribution Rate
Regular Class	3.00%	8.47%
Elected Officials	3.00%	48.82%
Senior Management	3.00%	25.41%

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

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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, 2019, the City reported a liability of \$3,369,536 for its proportionate share of the net pension liability, \$2,439,038 related to FRS and \$930,498 to HIS. The net pension liability was measured as of June 30, 2019, 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, 2019 and June 30, 2018, the City's FRS proportion was 0.007082278% and 0.007796896%, respectively. At June 30, 2019 and June 30, 2018, the City's HIS proportion was 0.008316186% and 0.007848355%, respectively. For the year ended September 30, 2019, the City's recognized pension expense of \$603,970 from FRS and \$73,732 from HIS, for a grand total of \$677,702.

Deferred outflows/inflows related to pensions:

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,666	\$ (1,514)	\$ 11,302	\$ (1,139)
Changes of assumptions	626,450	-	107,743	(76,051)
Net difference between projected and actual investment earnings	-	(134,940)	600	-
Change in City's proportionate share	100,375	(212,562)	123,313	(80,033)
Contributions subsequent to measurement date	55,184	-	10,869	-
	<u>\$ 926,675</u>	<u>\$ (349,016)</u>	<u>\$ 253,827</u>	<u>\$ (157,223)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. 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:

2020	\$ 186,365
2021	170,394
2022	148,733
2023	64,084
2024	23,926
Thereafter	14,708
Total	<u>\$ 608,210</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 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 2.60%. 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 6.90%. This rate decreased from the prior year rate, which was 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.87%. Mortality assumptions for both plans were based on the PUB2010 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 2019, 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	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.3%
Fixed income	18.0%	4.1%
Global equities	54.0%	8.0%
Real estate	10.0%	6.7%
Private equity	11.0%	11.2%
Strategic investments	6.0%	5.9%
Total	<u>100.0%</u>	

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.90%	\$ 4,216,284	\$ 2,439,038	\$ 954,736
HIS	3.50%	1,062,211	930,498	820,796

B. Municipal Police Officers' Retirement Trust Fund

Plan Description and Administration

The City participates in the Florida Municipal Pension Trust Fund for Police Officers (the Plan), an agent, multiple-employer, defined benefit pension plan sponsored by the Florida League of Cities to collectively manage individually designed employee pension plans of participating Florida municipalities. The City has established a Board of Trustees, which is solely responsible for administration of the Plan. 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, 2019:

Inactive participants	18
Active participants	22
Retired participants	<u>3</u>
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, 2019

(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, 2017 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, 2019, were as follows:

Employee contributions	\$ 245,801
City contributions	11,902
State contributions	<u>112,175</u>
Total contributions	<u><u>\$ 369,878</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, 2019, was as follows:

Total pension liability	\$ 5,832,105
Plan fiduciary net position	<u>(6,010,241)</u>
Net pension liability (asset)	<u><u>\$ (178,136)</u></u>
Plan fiduciary net position as percentage of total pension liability	103.05%

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2017, with a measurement date of September 30, 2019, 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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Core Bonds	15.0%	1.60%
Core Plus	15.0%	2.10%
Large Cap Equity	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, 2019

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

Changes in net pension liability:

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a – b)
Beginning Balance	\$ 5,177,708	\$ 5,394,922	\$ (217,214)
Changes for year:			
Service cost	300,036	-	300,036
Expected investment growth	390,380	388,404	1,976
Unexpected investment growth	-	(85,796)	85,796
Contributions – employer/state	-	357,976	(357,976)
Contributions – employee	-	11,902	(11,902)
Benefit payments, including refunds	(36,019)	(36,019)	-
Administrative expenses	-	(21,148)	21,148
Net changes	654,397	615,319	39,078
Ending Balance	<u>\$ 5,832,105</u>	<u>\$ 6,010,241</u>	<u>\$ (178,136)</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 would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

City's Net Pension Liability (Asset)	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Municipal Police Officers' Retirement Trust Fund	838,873	(178,136)	(996,082)

Money-weighted rate of return:

For the year ended September 30, 2019, 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	5.45%
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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, 2019

(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, 2019, the City recognized pension expense of \$394,611 in the Plan.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 142,522	\$ (111,140)
Changes of assumptions	581,051	-
Net different between projected and actual investment earnings	-	(54,139)
	<u>\$ 723,573</u>	<u>\$ (165,279)</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:

2020	\$ 27,374
2021	35,345
2022	86,968
2023	90,822
2024	73,662
Thereafter	244,123
Total	<u>\$ 558,294</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, 2019

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

Plan Membership—At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	78
Inactive Employees	5
	<u>83</u>

Total OPEB Liability—The City's total OPEB liability of \$546,069 was measured as of September 30, 2019, 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, 2019 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	3.58%
Initial Trend Rate	8.50%
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 3.58%. 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, 2019, were as follows:

	<u>Total OPEB Liability</u>
Balance at September 30, 2018	\$ 498,292
Changes for a year:	
Service cost	35,852
Interest	21,485
Changes of assumptions	31,216
Benefit payments	<u>(40,776)</u>
Net changes	<u>47,777</u>
Balance at September 30, 2019	<u>\$ 546,069</u>

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(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 3.58%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 605,215	\$ 546,069	\$ 495,592

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%-7.50%) or 1% higher (5.00%-9.50%) than the current healthcare cost trend rates (4.00%-8.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 482,359	\$ 546,069	\$ 622,625

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

At September 30, 2019, 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>9/30/2019</u>
Service cost	\$ 35,852
Interest	21,485
Recognition of Changes in Total OPEB Liability	31,216
Administrative Expenses	1,500
Total OPEB Expense	<u>\$ 90,053</u>

(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, 2019

(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, consists of 28 member municipal electric systems, 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. At September 30, 2018, the total outstanding amount related to the St. Lucie Project is \$304,125,000. The City is contingently liable for 1.757% of the total amount of outstanding debt, (approximately \$5,343,476) at September 30, 2018. 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 2019 were \$941,282.

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 will be placed into effect January 1, 2020, and will be determined by measurement of the peak demand of the City during the 12 months preceding the date one month prior to the effective date of CROD.

FMPA and the City entered into a Supplemental Power and Ancillary Services agreement on May 21, 2019. The City desired to limit the impacts of CROD to the City’s operations and costs, while continuing to have the ability to make use of available ARP rate discount riders should significance load(s) materialize, consistent with the terms of this agreement. The City and FMPA discussed the possibility of

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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 2019 were \$7,839,562.

(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, 2019, 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) **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, 2019, 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, 2018.

CITY OF GREEN COVE SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(12) **Recent Accounting Pronouncements:** (Continued)

- (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 December 15, 2019.
- (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, 2018.

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 35,852	\$ 37,406
Interest	21,485	19,120
Changes of assumptions	31,216	(27,170)
Benefit payments	<u>(40,776)</u>	<u>(37,495)</u>
Net change in total OPEB liability	47,777	(8,139)
Total OPEB liability – beginning	<u>498,292</u>	<u>506,431</u>
Total OPEB liability – ending	<u><u>\$ 546,069</u></u>	<u><u>\$ 498,292</u></u>
 Covered employee payroll	 \$3,399,116	 \$3,316,211
Total OPEB liability as a percentage of covered employee payroll	16.07%	15.03%
 Valuation date:	 10/01/2017	

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:

2019	3.58%
2018	4.18%
2017	3.64%

* GASB 75 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

Required Supplementary Information (unaudited)

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

Reporting Period Ending Measurement Date	9/30/2019 9/30/2019	9/30/2018 9/30/2018	9/30/2017 9/30/2017	9/30/2016 9/30/2016	9/30/2015 9/30/2015
Total pension liability					
Service cost	\$ 300,036	\$ 299,380	\$ 219,094	\$ 219,094	\$ 150,177
Interest	390,380	311,403	274,502	215,822	216,948
Differences between expected and actual experience	-	-	-	(136,512)	(18,269)
Demographic experience		183,242	-	-	-
Benefit payments	(36,019)	(19,638)	(41,910)	(19,062)	(18,780)
Assumption changes		228,664	-	557,241	-
Net change in total pension liability	654,397	1,003,051	451,686	836,583	330,076
Total pension liability, beginning	5,177,708	4,174,657	3,722,971	2,886,388	2,556,312
Total pension liability, ending (a)	\$5,832,105	\$5,177,708	\$4,174,657	\$3,722,971	\$2,886,388
Plan Fiduciary net position					-
Contributions--employer	\$ 236,391	\$ 199,431	\$ 181,998	\$ 141,437	\$ 130,301
Contributions – state	121,585	102,575	93,609	85,340	73,815
Contributions--employee	11,902	10,065	10,155	8,475	8,100
Net investment income (loss)	302,608	362,248	545,018	291,007	(4,872)
Benefit payments, including refunds of contributions	(36,019)	(19,638)	(19,348)	(19,062)	(18,780)
Administrative expense	(21,148)	(30,900)	(15,546)	(27,174)	(16,444)
Net change in plan fiduciary net position	615,319	623,781	795,886	480,023	172,120
Plan fiduciary net position, beginning	5,394,922	4,771,141	3,975,255	3,495,232	3,323,112
Plan fiduciary net position, ending (b)	\$6,010,241	\$5,394,922	\$4,771,141	\$3,975,255	\$3,495,232
Net pension liability (asset) – ending (a) - (b)	\$ (178,136)	\$ (217,214)	\$ (596,484)	\$ (252,284)	\$ (608,844)
Plan fiduciary net position as a percentage of the total pension liability	103.05%	104.20%	114.29%	106.78%	121.09%
Covered payroll	\$1,014,137	\$1,014,137	\$1,015,500	\$ 795,911	\$ 744,678
Net pension liability (asset) as a percentage of payroll	-17.57%	-21.42%	-58.74%	-31.70%	-81.76%
Annual Money-Weighted Rate of Return	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 Employee Payroll
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%
2010	249,232	249,232	-	725,727	34.34%

Notes to Schedule:

Valuation Date: 10/01/2018

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,				
	2019	2018	2017	2016	2015
Florida Retirement System (FRS)					
Proportion of the net pension liability (NPL)	0.007082278%	0.007796896%	0.007345438%	0.008451778%	0.007974291%
Proportionate share of the net pension liability	\$ 2,439,038	\$ 2,348,466	\$ 2,172,731	\$ 2,134,081	\$ 1,029,986
Covered payroll	2,781,866	2,563,966	2,330,206	2,484,644	2,386,450
Proportionate share of the net pension liability as a percentage of covered payroll	87.68%	91.60%	93.24%	85.89%	43.16%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)					
Proportion of the net pension liability	0.008316186%	0.007848355%	0.007194699%	0.008436522%	0.007652351%
Proportionate share of the net pension liability	\$ 930,498	\$ 830,679	\$ 769,290	\$ 983,242	\$ 780,419
Covered payroll	2,781,866	2,563,966	2,330,206	2,484,644	2,386,450
Proportionate share of the net pension liability as a percentage of covered payroll	33.45%	32.40%	33.01%	39.57%	32.70%
Plan fiduciary net position as a percentage of the total pension liability	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,				
	2019	2018	2017	2016	2015
Florida Retirement System (FRS)					
Contractually required contribution	\$ 219,602	\$ 222,205	\$ 207,762	\$ 206,110	\$ 194,420
Contributions in relation to the contractually required contribution	219,602	222,205	207,762	206,110	206,890
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,470)</u>
Covered payroll	\$ 2,781,866	\$ 2,563,966	\$ 2,330,206	\$ 2,484,644	\$ 2,386,450
Contributions as a percentage of covered payroll	7.89%	8.67%	8.92%	8.30%	8.15%
Health Insurance Subsidy Program (HIS)					
Contractually required contribution	\$ 46,179	\$ 42,562	\$ 38,681	\$ 43,243	\$ 29,252
Contributions in relation to the contractually required contribution	46,179	42,562	38,681	43,243	32,711
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,459)</u>
Covered payroll	\$ 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%	1.74%	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, 2019**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Disaster Fund	Building Permit Fund	Special Law Enforcement Fund	General Capital Improvement Fund	Spring Park Capital Improvement Fund	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ 786,911	\$ 107,413	\$ 27,166	\$ 674,828	\$ 1,596,318
Due from other governments	139,594	-	-	-	-	139,594
Total assets	<u>\$ 139,594</u>	<u>\$ 786,911</u>	<u>\$ 107,413</u>	<u>\$ 27,166</u>	<u>\$ 674,828</u>	<u>\$ 1,735,912</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 3,938	\$ 154,899	\$ -	\$ -	\$ 70,000	\$ 228,837
Due to other funds	140,840	-	52,650	-	-	193,490
Total liabilities	<u>144,778</u>	<u>154,899</u>	<u>52,650</u>	<u>-</u>	<u>70,000</u>	<u>422,327</u>
FUND BALANCES						
Restricted for:						
Public safety	-	-	54,763	-	-	54,763
Building department	-	632,012	-	-	-	632,012
Capital improvements	-	-	-	27,166	604,828	631,994
Unassigned	(5,184)	-	-	-	-	(5,184)
Total fund balances (deficit)	<u>(5,184)</u>	<u>632,012</u>	<u>54,763</u>	<u>27,166</u>	<u>604,828</u>	<u>1,313,585</u>
Total liabilities and fund balances (deficit)	<u>\$ 139,594</u>	<u>\$ 786,911</u>	<u>\$ 107,413</u>	<u>\$ 27,166</u>	<u>\$ 674,828</u>	<u>\$ 1,735,912</u>

**CITY OF GREEN COVE SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>	<u>Capital Project Fund</u>	
	<u>Disaster Fund</u>	<u>Building Permit Fund</u>	<u>Special Law Enforcement Fund</u>	<u>General Capital Improvement Fund</u>	<u>Spring Park Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES						
Licenses and permits	\$ -	\$ 396,656	\$ -	\$ -	\$ -	\$ 396,656
EXPENDITURES						
Current:						
General government	-	284,016	-	-	-	284,016
Public safety	-	-	5,479	-	-	5,479
Culture and recreation	-	-	-	-	31,933	31,933
Debt service:						
Principal retirement	-	-	-	141,000	61,000	202,000
Interest and fiscal charges	-	-	-	18,908	20,183	39,091
Total expenditures	-	284,016	5,479	159,908	113,116	562,519
Excess (deficiency) of revenues over expenditures	-	112,640	(5,479)	(159,908)	(113,116)	(165,863)
Other financing sources (uses)						
Transfers in	-	-	-	159,908	113,116	273,024
Net change in fund balances (deficit)	-	112,640	(5,479)	-	-	107,161
Fund balances (deficit), beginning of year	(5,184)	519,372	60,242	27,166	604,828	1,206,424
Fund balances (deficit), end of year	<u><u>\$ (5,184)</u></u>	<u><u>\$ 632,012</u></u>	<u><u>\$ 54,763</u></u>	<u><u>\$ 27,166</u></u>	<u><u>\$ 604,828</u></u>	<u><u>\$ 1,313,585</u></u>

CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>State Agency / Pass-Through Entity / State Project</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
<u>Florida Department of Environmental Protection</u>			
Florida Recreation Development Assistance Program	37.017	A17004	\$ 49,987
Wastewater Treatment Facility Construction	37.077	CS-120001-016	1,170,548
Total expenditures of state financial assistance			<u>\$ 1,220,535</u>

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

**CITY OF GREEN COVE SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

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

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

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

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

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

Identification of major State projects:

CFDA Number	Program Name
37.077	SRF Wastewater Treatment Facility Construction

B. Financial Statement Findings: None.

C. State Project Findings and Questioned Costs: None.

D. 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 STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY 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 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 *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2019. The City's major 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 States statutes, regulations, and the terms and conditions applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major 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; and Chapter 10.550, Rules of the Auditor General. Those standards 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 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 State project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2019.

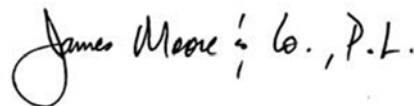
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. 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 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 State Project and to test and report on internal control over compliance in accordance with 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 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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Daytona Beach, Florida
March 7, 2020

**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, 2019, 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 7, 2020.

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) to determine the 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.

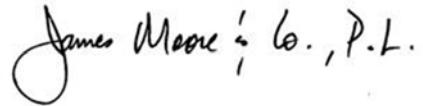
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 determination of financial statement amounts. 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 & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida
March 7, 2020

**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, 2019, and have issued our report thereon dated March 7, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the 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 State Project and Report on Internal Control over Compliance in Accordance with the 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 7, 2020, 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. No findings and recommendations existed in the preceding annual financial audit report.

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

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133 East Indiana Avenue
DeLand, FL 32724-4329
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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

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 had no such recommendations except as follows:

2019-001 Deficit Assigned/Unassigned Fund Balance and Deficit Unrestricted Net Positions

In connection with our audit, we determined the City met a condition described in Section 218.39(5)(b), Florida Statutes; and therefore, we are required to notify each member of the governing body of the following. At September 30, 2019, the City reported a \$740,783 governmental fund unassigned fund balance deficit. This deficit, combined with the \$631,994 governmental fund assigned fund balance, leaves a \$108,789 total assigned/unassigned governmental fund balance deficit. In addition, at September 30, 2019, the City reported deficit unrestricted net positions of \$944,397, \$165,009, \$142,777 and \$114,708 in its sewer utility, solid waste, stormwater utility, and internal service funds, which total \$1,366,891. The City, at September 30, 2019, has positive unrestricted net position of \$10,267,930 and \$2,199,677 in the electric utility and water utility funds, respectively. This combined \$12,467,607 total positive unrestricted net position could be transferred, if approved by the City Council, to the funds with deficits to cover the reported deficits and would not impair the City's ability to carry out its functions. Also, the City could reduce expenditures/expenses and increase revenues in the funds with the deficits.

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.

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

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

Purpose of this Letter

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



Daytona Beach, Florida
March 7, 2020

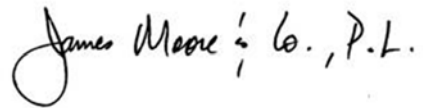
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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, 2019. 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, 2019, 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, 2019.



Daytona Beach, Florida
March 7, 2020



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

March 24, 2019

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

Dear Ms. Norman:

Pursuant to the provisions of Section 218.39(6) Florida Statutes, the following are the responses to the audit of the City of Green Cove Springs conducted by James Moore & Co., P.L., CPAs for the period October 1, 2018 to September 30, 2019.

2019-001 Deficit Assigned/Unassigned Fund Balance and Deficit Unrestricted Net Positions:

Auditor's Comment:

In connection with our audit, we determined the City met a condition described in Section 218.39(5)(b), Florida Statutes; and therefore, we are required to notify each member of the governing body of the following. At September 30, 2019, the City reported a \$740,783 governmental fund unassigned fund balance deficit. This deficit, combined with the \$631,994 governmental fund assigned fund balance, leaves a \$108,789 total assigned/unassigned governmental fund balance deficit. In addition, at September 30, 2019, the City reported deficit unrestricted net positions of \$944,395, \$165,009, \$142,777 and \$114,708 in its sewer utility, solid waste, stormwater utility, and internal service funds, which total \$1,366,891. The City, at September 30, 2019, has positive unrestricted net position of \$10,267,930 and \$2,199,677 in the electric utility and water utility funds, respectively. This combined \$12,467,607 total positive unrestricted net position could be transferred, if approved by the City Council, to the funds with deficits to cover the reported deficits and would not impair the City's ability to carry out its functions. Also, the City could reduce expenditures/expenses and increase revenues in the funds with the deficits.

Management's Response:

The City considered the governmental fund unassigned fund balance deficit during the FY 20 budget workshops held during August 2019. Per the City's Fiscal Policies, if it is determined there is a shortfall (an amount below the lower limit of the fund balance range for any fund), the fund shall be brought up to

the minimum limits by adding a designated amount to the budget to cover the deficiency over a period not to exceed five (5) years. This may be accomplished by reducing expenditures and/or increasing revenues to restore the minimum requirements. This shall be known as a "contribution to fund balance".

A contribution to the General Fund balance was included in the approved FY 20 budget to begin covering the deficiency. During the FY 21 budget workshops, the governmental fund unassigned fund balance deficit will be reviewed again to determine an appropriate amount to set aside for "contribution to fund balance". The Utility Funds that are showing deficit unrestricted net positions will also be reviewed during the FY 21 budget workshops to determine the appropriate amounts to set aside for "contribution to fund balance".

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "L. Steve Kennedy", with a stylized flourish at the end.

L. Steve Kennedy
City Manager



City of Green Cove Springs

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

321 Walnut Street
Fax: (904) 284-2718

Green Cove Springs, Florida 32043
www.greencovesprings.com

AFFIDAVIT

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

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

FURTHER AFFIANT SAYETH NAUGHT.


Marlena S. Guthrie, Finance Director

STATE OF FLORIDA
COUNTY OF CLAY

SWORN TO AND SUBSCRIBED before me this 9 day of March, 2020.


NOTARY PUBLIC
Print Name Laurie L Copeland

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires:

July 9, 2021

