City of Springfield, Florida

Financial Statements

September 30, 2023

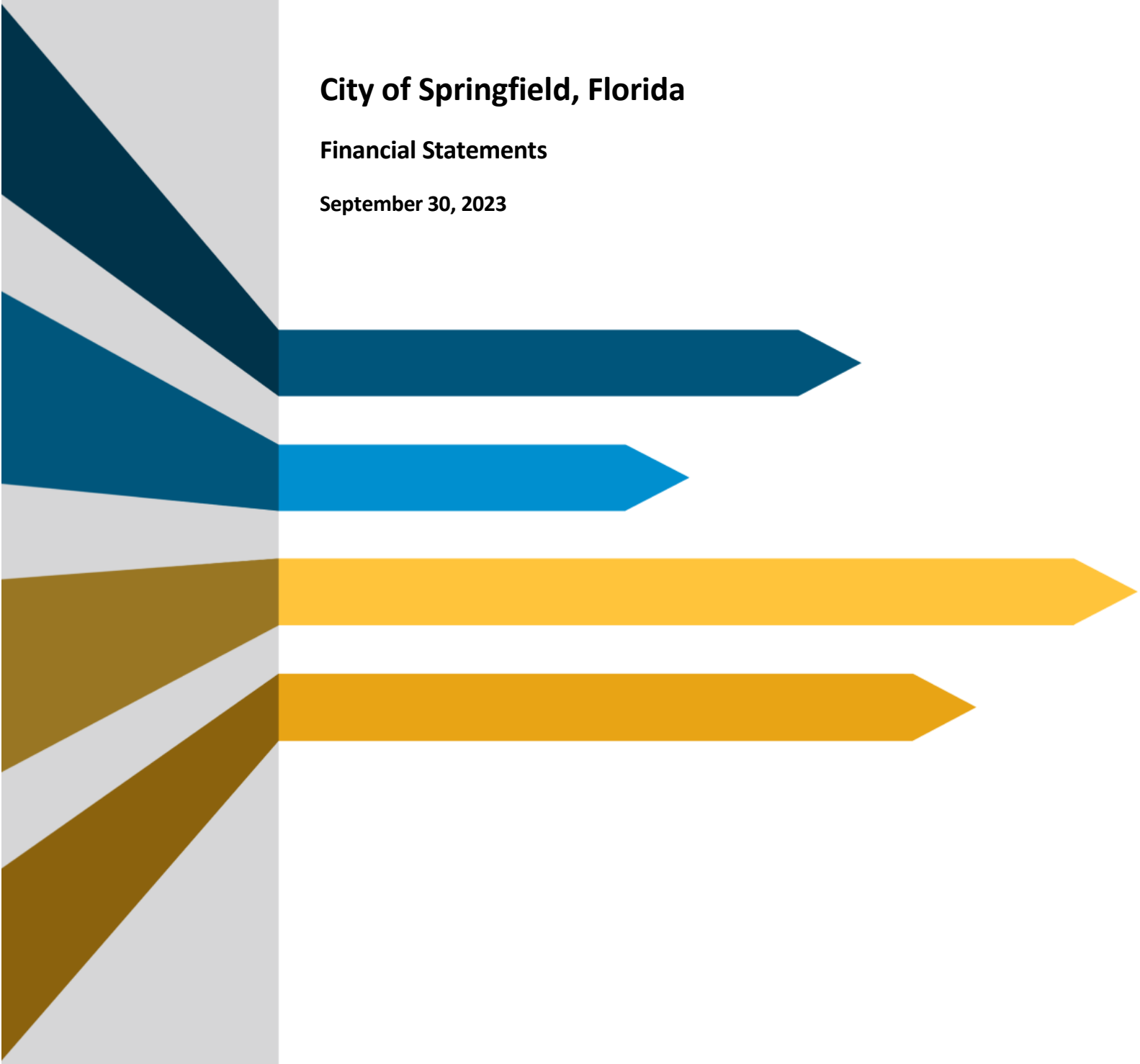


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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Commission
City of Springfield, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Springfield, Florida (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Springfield, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 4 through 10, schedule of revenues, expenditures, and changes in fund balance budget and actual - general fund on pages 66 and 67, schedule of other postemployment benefits on page 68, and schedules of defined benefit pension plans on pages 69 through 72 be presented to

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 28, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Springfield, Florida (City), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by $23,907,092 (net position). Of this amount, $(10,734,938) is a deficit in unrestricted net position of the governmental activities and $11,132,478 is unrestricted net position of the business-type activities. $940,932 of net position is restricted for business-type activities and $1,121,341 is restricted for governmental activities.

- Total net position increased by $2,099,749 during fiscal year 2023. Of this amount, an increase of $113,111 is attributable to governmental activities, and an increase of $1,986,638 is attributable to business-type activities.

- As of September 30, 2023, the general fund's unassigned fund balance was $2,620,277.

- Governmental activities' revenues decreased by $8,398,030 or 46%, while governmental activities' expenses increased by 15% or $1,250,296. Business-type activities' revenues increased by $341,009 or 5%, while business-type activities' expenses increased by 7% or $356,346.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) *Government-wide financial statements,* 2) *Fund financial statements,* and 3) *Notes to financial statements.* The g*overnment-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to financial statements* provide additional information concerning the City's finances that are not otherwise disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The g*overnment-wide financial statements* include the *statement of net position* and *statement of activities*. These statements are designed to provide readers with a broad overview of the City's financial position in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities, as well as the change in net position. Governmental activities are primarily supported by gross receipts taxes, utility taxes and franchise fees, and state shared revenues, while business-type activities are supported by charges to the users of activities, such as water, sewer, and sanitation charges.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City, with the difference between them reported as *net position*. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are

reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the City's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenses of the City and the change in net position for the 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 the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned, but unused vacation/sick leave).

Expenses are reported by major function, along with program revenues relating to those functions, providing the net cost of all functions provided by the City. In order to better understand the City's operations, governmental activities' expenses include among others, general government services, public safety, highways and streets, maintenance, culture and recreation, and community development. Business-type activities' expenses, which are mostly financed by user fees and charges, include water, sewer and sanitation services.

The government-wide financial statements include not only the City (known as the *primary government*), but also the blended component unit, the Springfield Community Redevelopment Agency (CRA). Financial information for this component unit is included in the City's financial information.

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 purposes or objectives. Individual funds have been established by the City to account for revenues that are restricted to certain uses, or to comply with legal requirements. The two major categories of funds found in the City's *fund financial statements* include: governmental funds and proprietary funds.

Fund financial statements provide financial information for the City's major funds and more detailed information about the City's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources. The proprietary funds' financial statements provide information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the funds, changes in the economic resources (revenues and expenses), and *total* economic resources.

Fund financial statements for all governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The City's general fund includes a schedule of revenues, expenditures, and changes in fund balance-budget and actual. For the proprietary funds, a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows are presented.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the City's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the City's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the City's overall financial health and present the means used to pay for various activities, or functions provided by the City. All assets of the City, including buildings, land, and infrastructure are reported in the statement of net position**,** as well as all liabilities, including outstanding

principal on notes and future employee benefits obligated but not yet paid by the City. The statement of activities includes depreciation on all long-lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid doubling up the revenues and expenses. The *fund financial statements* provide a presentation of the City's major funds, along with a column for all nonmajor funds. In the case of governmental funds, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as notes payable, are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, capital assets of the City, long-term debt and pension and other postemployment benefits, are just a few of the items included in the notes to financial statements.

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City for the fiscal years ended September 30, 2023 and 2022. At the end of fiscal year 2023, the City is able to report positive balances in all three categories of net position for its business-type activities. However, the City has a deficit balance in the unrestricted net position and total net position of governmental activities at the end of fiscal years 2023 and 2022.

Net Position

	Governmental Activities		Business-type Activities		Total	
September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Current and other assets	**$ 6,224,921**	$ 8,083,620	**$ 14,762,113**	$ 12,478,205	**$ 20,987,034**	$ 20,561,825
Capital assets	**14,615,456**	11,928,278	**17,489,423**	17,922,800	**32,104,879**	29,851,078
Total assets	**20,840,377**	20,011,898	**32,251,536**	30,401,005	**53,091,913**	50,412,903
Deferred outflows of resources	**4,345,473**	4,520,332	**441,774**	474,862	**4,787,247**	4,995,194
Current liabilities	**6,836,479**	2,000,136	**2,096,634**	1,684,575	**8,933,113**	3,684,711
Noncurrent liabilities	**12,895,618**	17,168,468	**5,709,094**	6,297,720	**18,604,712**	23,466,188
Total liabilities	**19,732,097**	19,168,604	**7,805,728**	7,982,295	**27,537,825**	27,150,899
Deferred inflows of resources	**5,567,925**	5,590,909	**866,318**	858,946	**6,434,243**	6,449,855
Net position						
Net investment in capital assets	**9,499,425**	6,869,801	**11,947,854**	11,848,410	**21,447,279**	18,718,211
Restricted	**1,121,341**	**1,041,177**	**940,932**	620,083	**2,062,273**	1,661,260
Unrestricted (deficit)	**(10,734,938)**	(8,138,261)	**11,132,478**	9,566,133	**397,540**	1,427,872
Total net position (deficit)	**$ (114,172)**	$ (227,283)	**$ 24,021,264**	$ 22,034,626	**$ 23,907,092**	$ 21,807,343

At September 30, 2023, net investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the majority of the City's net position. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. It should be noted, that although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net position* is subject to external restrictions, and thus is limited as to how it may be used. The balance of the total unrestricted net position is $2,062,273 at September 30, 2023.

The following schedule provides a summary of the change in net position.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
Year Ended September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Program revenues						
Charges for services	**$ 868,935**	$ 836,823	**$ 6,577,338**	$ 5,936,783	**$ 7,446,273**	$ 6,773,606
Operating grants/ contributions	**3,170,499**	5,096,645	**204,156**	320,176	**3,374,655**	5,416,821
Capital grants/ contributions	**43,397**	3,499,883	**365,565**	-	**408,962**	3,499,883
General revenues						
Gross receipts taxes	**4,673,764**	4,501,550	**-**	-	**4,673,764**	4,501,550
Franchise fees	**502,035**	505,757	**-**	-	**502,035**	505,757
State shared revenues	**581,939**	624,198	**-**	-	**581,939**	624,198
Impact fees	**-**	-	**173,215**	149,512	**173,215**	149,512
Miscellaneous revenues	**158,812**	3,301,036	**2,772**	575,566	**161,584**	3,876,602
Gain (loss) on disposal of assets	**(14,771)**	16,748	**-**	-	**(14,771)**	16,748
Total revenues	**9,984,610**	18,382,640	**7,323,046**	6,982,037	**17,307,656**	25,364,677
Expenses						
General government	**1,435,404**	1,563,549	**-**	-	**1,435,404**	1,563,549
Public safety	**6,377,652**	5,273,321	**-**	-	**6,377,652**	5,273,321
Highways and streets	**1,077,397**	1,056,296	**-**	-	**1,077,397**	1,056,296
Maintenance	**207,323**	201,403	**-**	-	**207,323**	201,403
Culture and recreation	**437,240**	338,068	**-**	-	**437,240**	338,068
Interest on long-term debt	**221,309**	73,392	**-**	-	**221,309**	73,392
Water	**-**	-	**1,823,519**	1,629,107	**1,823,519**	1,629,107
Sewer	**-**	-	**2,399,000**	2,379,367	**2,399,000**	2,379,367
Sanitation	**-**	-	**1,229,063**	1,086,762	**1,229,063**	1,086,762
Total expenses	**9,756,325**	8,506,029	**5,451,582**	5,095,236	**15,207,907**	13,601,265

(Continued)

	Governmental Activities		Business-type Activities		Total	
Year Ended September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Change in net position before transfers	**$ 228,285**	$ 9,876,611	**$ 1,871,464**	$ 1,886,801	**$ 2,099,749**	$ 11,763,412
Transfers	**(115,174)**	(349,196)	**115,174**	349,196	**-**	-
Change in net position	**113,111**	9,527,415	**1,986,638**	2,235,997	**2,099,749**	11,763,412
Net position (deficit) - beginning (as originally reported)	**(227,283)**	(9,754,698)	**22,034,626**	19,935,583	**21,807,343**	10,180,885
Prior period adjustment	**-**	-	**-**	(136,954)	**-**	(136,954)
Net position (deficit) - beginning (as restated)	**(227,283)**	(9,754,698)	**22,034,626**	19,798,629	**21,807,343**	10,043,931
Net position (deficit) - ending	**$ (114,172)**	$ (227,283)	**$ 24,021,264**	$ 22,034,626	**$ 23,907,092**	$ 21,807,343

For the year ended September 30, 2023, governmental activities' revenues exceeded expenses by $113,111, while business-type activities' revenues exceeded expenses by $1,986,638. Total revenues decreased $8,057,021 from the previous year mainly due to a decrease in grant revenues and miscellaneous revenues associated with a change in planned benefits. Total expenses increased $1,250,296 from the previous year mainly due to an increase in public safety. 52% of the revenues for governmental activities were generated by gross receipts, franchise and utility taxes and 32% were generated by operating and capital grants and contributions. Most of the governmental resources were expended for general government (15%), public safety (65%), and highways and streets (11%). Charges for services provided the majority of the revenues (90%) for business-type activities. Sewer expenses consumed the majority (44%) of business-type activities, followed by water expenses (33%).

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the general fund. As of September 30, 2023, total assets were $13,265,692, total liabilities were $8,775,599, and total deferred inflows of resources were $883,097. At the end of fiscal year 2023, unassigned fund balance of the general fund was $2,620,277 while the total fund balance was $3,606,996.

Community Redevelopment Fund

The Community Redevelopment Fund is used by the City to account for the revenues and expenditures of the Springfield Community Redevelopment Agency.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in greater detail. All proprietary funds are reported as major funds.

Unrestricted net position of the proprietary funds at September 30, 2023 and 2022 are presented below.

September 30,	**2023**	2022
Water	**$ (1,591,783)**	$ (1,441,190)
Sewer	**12,021,031**	10,318,523
Sanitation	**703,230**	688,800
Total	**$ 11,132,478**	$ 9,566,133

The *proprietary funds* are used to account for the operations of the City's utility systems. Refer to the statement of net position – proprietary funds and the statement of revenues, expenses, and changes in net position – proprietary funds for specific numerical data.

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2023, was $32,104,879 (net of accumulated depreciation). This investment in capital assets includes land, buildings, streets, improvements, machinery and equipment, and infrastructure.

Capital Assets
(net of depreciation)

Additional information on the City's capital assets can be found in note 2 of the notes to financial statements.

	Governmental Activities		**Business-type Activities**		**Total**	
September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Land	**$ 1,662,391**	$ 1,662,391	**$ 623,101**	$ 623,101	**$ 2,285,492**	$ 2,285,492
Construction in progress	**3,569,670**	4,912,870	**271,007**	16,638	**3,840,677**	4,929,508
Buildings	**296,897**	319,852	**94,374**	103,448	**391,271**	423,300
Improvements/ distribution system	**2,583,289**	2,152,549	**16,024,474**	16,587,662	**18,607,763**	18,740,211
Machinery and equipment	**1,677,601**	1,925,028	**469,618**	576,834	**2,147,219**	2,501,862
Streets	**4,756,475**	947,246	**-**	-	**4,756,475**	947,246
Right-to-use assets	**69,133**	8,342	**6,849**	15,117	**75,982**	23,459
Total	**$ 14,615,456**	**$ 11,928,278**	**$ 17,489,423**	**$ 17,922,800**	**$ 32,104,879**	**$ 29,851,078**

Debt Management

At the end of fiscal year 2023, the City had total outstanding debt in the amount of $13,556,058. This debt balance represents notes payable secured by specified revenue sources, liabilities for leased assets, and financed purchases of assets.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
September 30,	**2023**	2022	**2023**	2022	**2023**	2022
Lease liability	**$ 26,611**	$ 8,477	**$ 7,005**	$ 15,279	**$ 33,616**	$ 23,756
Subscription liability	**34,982**	-	**-**	-	**34,982**	-
Financed purchases	**-**	-	**770,871**	907,124	**770,871**	907,124
Notes payable	**7,952,896**	7,952,896	**4,763,693**	5,151,987	**12,716,589**	13,104,883
Total	**$ 8,014,489**	$ 7,961,373	**$ 5,541,569**	$ 6,074,390	**$ 13,556,058**	$ 14,035,763

Principal repayments during the year totaled $557,547 on notes payable, financed purchases, lease liability, and subscription liability. Additional debt proceeds of $77,842 were received during the year related to lease and subscription liabilities.

More detail on the City's liabilities is presented in note 2 of the notes to financial statements.

General Fund Budgetary Highlights

The general fund final budgeted revenues exceeded actual revenues, including other financing sources and uses, by $6,817,188 which was primarily due to the City budgeting for grant revenues and debt proceeds they budgeted for in the current year not actually received. The general fund actual expenditures were less than the final budgeted expenditures by $5,580,169 due to budgeting for the certain grant expenditures in the current year that weren't incurred in the current year.

Economic Factors and Next Year's Budget

The next year's budget for 2024 includes an overall increase in most departmental budgets. The City has received and projects an increase in revenues from ad valorem taxes as well as fire assessment fees. These additional revenues are from increased property values and new construction. Water rates were increased 3% per 1,000 gallons, Sewer rates were increased 8% per 1,000 gallons, and Sanitation rates were increased $3.00 monthly per service to offset the costs associated with providing these services.

As part of the regular budget monitoring process, the finance department prepares a monthly financial report that the City Clerk and City Commission use to follow the actual performance of revenue and expenditure estimates. In addition, during the year, an analysis of the budget estimates versus the actual results will be used to monitor compliance with the approved budget. If necessary, the City Commission will consider passing an amended budget resolution.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City of Springfield, Florida's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Springfield Finance Department, 408 School Avenue, Springfield, Florida 32401.

City of Springfield, Florida
Statement of Net Position

September 30, 2023	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Assets			
Current assets			
Cash and cash equivalents	$ 4,476,839	$ 1,342,439	$ 5,819,278
Receivables, net	122,657	530,733	653,390
Prepaid items	810	-	810
Internal balances	(6,216,089)	6,216,089	-
Due from other governments	1,819,719	365,565	2,185,284
Due from joint venture	-	596,727	596,727
Restricted assets			
Cash and cash equivalents			
Customer deposits	-	847,813	847,813
Debt service	-	167,968	167,968
Impact fees	-	772,964	772,964
Other	6,020,985	-	6,020,985
Investment in joint venture	-	3,921,815	3,921,815
Capital assets			
Nondepreciable	5,232,061	894,108	6,126,169
Depreciable, net	9,314,262	16,588,466	25,902,728
Right-to-use lease assets, net	29,713	6,849	36,562
Right-to-use subscription assets, net	39,420	-	39,420
Total assets	20,840,377	32,251,536	53,091,913
Deferred Outflows of Resources			
Deferred outflows related to pensions	2,233,132	97,904	2,331,036
Deferred outflows related to OPEB	2,112,341	343,870	2,456,211
Total deferred outflows of resources	4,345,473	441,774	4,787,247
Liabilities			
Accounts payable	106,881	621,020	727,901
Accrued interest	21,088	99,294	120,382
Accrued liabilities	251,195	21,724	272,919
Pension contributions payable	132,049	-	132,049
Unearned revenues	1,100,108	-	1,100,108
Customer deposits	9,163	795,509	804,672

(Continued)

City of Springfield, Florida
Statement of Net Position (Continued)
September 30, 2023

September 30, 2023	Governmental Activities	Business-type Activities	Total
Non-current liabilities			
Due within one year			
Compensated absences	$ 14,211	$ 762	$ 14,973
Notes payable	5,050,000	390,871	5,440,871
Financed purchase liability	-	141,905	141,905
Lease liability	7,265	3,291	10,556
Subscription liability	7,792	-	7,792
Other postemployment benefits	136,727	22,258	158,985
Due in more than one year			
Compensated absences	80,528	4,316	84,844
Notes payable	2,902,896	4,372,822	7,275,718
Financed purchase liability	-	628,966	628,966
Lease liability	19,346	3,714	23,060
Subscription liability	27,190	-	27,190
Net pension liability	7,627,897	334,418	7,962,315
Other postemployment benefits	2,237,761	364,858	2,602,619
Total liabilities	19,732,097	7,805,728	27,537,825
Deferred Inflows of Resources			
Deferred inflows related to pensions	337,023	14,776	351,799
Deferred inflows related to OPEB	5,230,902	851,542	6,082,444
Total deferred inflows of resources	5,567,925	866,318	6,434,243
Net Position			
Net investment in capital assets	9,499,425	11,947,854	21,447,279
Restricted			
Community redevelopment fund	135,432	-	135,432
Capital projects	966,779	-	966,779
Debt service	-	167,968	167,968
Impact fees	-	772,964	772,964
Public safety	19,130	-	19,130
Unrestricted (deficit)	(10,734,938)	11,132,478	397,540
Total net position (deficit)	$ (114,172)	$ 24,021,264	$ 23,907,092

See accompanying notes

City of Springfield, Florida
Statement of Activities

For the year ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
General government	$ 1,435,404	$ 159,227	$ 3,170,499	$ 16,023	$ 1,910,345	$ -	$ 1,910,345
Public safety	6,377,652	685,708	-	-	(5,691,944)	-	(5,691,944)
Highways and streets	1,077,397	-	-	27,374	(1,050,023)	-	(1,050,023)
Maintenance	207,323	-	-	-	(207,323)	-	(207,323)
Culture and recreation	437,240	24,000	-	-	(413,240)	-	(413,240)
Interest on long-term debt	221,309	-	-	-	(221,309)	-	(221,309)
Total governmental activities	9,756,325	868,935	3,170,499	43,397	(5,673,494)	-	(5,673,494)
Business-type activities							
Water	1,823,519	1,688,649	-	226,277	-	91,407	91,407
Sewer	2,399,000	3,538,313	204,156	138,430	-	1,481,899	1,481,899
Sanitation	1,229,063	1,350,376	-	858	-	122,171	122,171
Total business-type activities	5,451,582	6,577,338	204,156	365,565	-	1,695,477	1,695,477
Total primary government	$ 15,207,907	$ 7,446,273	$ 3,374,655	$ 408,962	(5,673,494)	1,695,477	(3,978,017)

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Activities (Continued)

For the year ended September 30, 2023	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities	Business-type Activities	Total
General revenues and transfers			
Taxes			
Ad valorem taxes	$ 1,349,837	$ -	$ 1,349,837
Utility taxes	637,695	-	637,695
Local option gas tax	265,251	-	265,251
Communications services tax	147,830	-	147,830
Half-cent sales tax	2,253,240	-	2,253,240
Local business tax	19,911	-	19,911
Ad valorem CRA	94,151	-	94,151
State shared revenues	581,939	-	581,939
Franchise fees	502,035	-	502,035
Impact fees	-	173,215	173,215
Miscellaneous revenues	64,287	2,772	67,059
Interest earnings	374	-	374
Gain (loss) on disposal of assets	(14,771)	-	(14,771)
Transfers, net	(115,174)	115,174	-
Total general revenues and transfers	5,786,605	291,161	6,077,766
Change in net position	113,111	1,986,638	2,099,749
Net position (deficit) - beginning of year	(227,283)	22,034,626	21,807,343
Net position (deficit) - end of year	$ (114,172)	$ 24,021,264	$ 23,907,092

See accompanying notes

City of Springfield, Florida
Balance Sheet
Governmental Funds

September 30, 2023	General	Community Redevelopment	Total
Assets			
Cash and cash equivalents	$ 4,485,249	$ -	$ 4,485,249
Restricted cash and cash equivalents	5,885,789	126,786	6,012,575
Accounts receivable, net	122,657	-	122,657
Due from other funds	951,468	8,646	960,114
Due from other governments	1,819,719	-	1,819,719
Prepaid items	810	-	810
Total assets	$ 13,265,692	$ 135,432	$ 13,401,124
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 106,881	$ -	$ 106,881
Accrued liabilities	251,195	-	251,195
Pension contributions payable	132,049	-	132,049
Customer deposits	9,163	-	9,163
Unearned revenue	1,100,108	-	1,100,108
Due to other funds	7,176,203	-	7,176,203
Total liabilities	8,775,599	-	8,775,599
Deferred inflows of resources			
Unavailable revenue - grant revenues	883,097	-	883,097
Total deferred inflows of resources	883,097	-	883,097
Fund balances			
Nonspendable			
Prepaids	810	-	810
Restricted			
Public safety	19,130	-	19,130
Community redevelopment fund	-	135,432	135,432
Capital improvements	966,779	-	966,779
Unassigned	2,620,277	-	2,620,277
Total fund balance	3,606,996	135,432	3,742,428
Total liabilities, deferred inflows of resources, and fund balances	$ 13,265,692	$ 135,432	$ 13,401,124

See accompanying notes

City of Springfield, Florida
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2023

Total fund balances - governmental funds		$ 3,742,428
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 18,906,382	
Less accumulated depreciation and amortization	(4,290,926)	14,615,456
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		2,233,132
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(337,023)
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		2,112,341
Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(5,230,902)
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities.		883,097
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences	$ (94,739)	
Notes payable	(7,952,896)	
Lease liability	(26,611)	
Subscription liability	(34,982)	
Other postemployment benefits	(2,374,488)	
Net pension liability	(7,627,897)	
Accrued interest	(21,088)	(18,132,701)
Net position of governmental activities		$ (114,172)

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2023	General	Community Redevelopment	Total
Revenues			
Taxes			
Ad valorem taxes	$ 1,349,837	$ -	$ 1,349,837
Utility taxes	637,695	-	637,695
Local option gas tax	265,251	-	265,251
Communications services tax	147,830	-	147,830
Half-cent sales tax	2,253,240	-	2,253,240
Local business tax	19,911	-	19,911
Property taxes	-	94,151	94,151
Intergovernmental	747,534	-	747,534
Licenses and permits	708,712	-	708,712
Franchise fees	502,035	-	502,035
Charges for services	110,039	-	110,039
Fines and forfeitures	27,271	-	27,271
Rents	24,000	-	24,000
Interest	374	-	374
Grants	3,366,411	-	3,366,411
Contributions and donations	5,803	-	5,803
Other fees and miscellaneous	73,066	-	73,066
Total revenues	10,239,009	94,151	10,333,160
Expenditures			
Current			
General government	1,329,747	-	1,329,747
Public safety	5,118,709	-	5,118,709
Highways and streets	784,544	-	784,544
Maintenance	186,539	-	186,539
Culture and recreation	373,038	-	373,038
Capital outlay			
General government	50,898	-	50,898
Public safety	221,335	-	221,335
Highways and streets	2,990,334	-	2,990,334
Culture and recreation	147,092	-	147,092
Debt service			
Principal	24,727	-	24,727
Interest	211,733	-	211,733
Total expenditures	11,438,696	-	11,438,696

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2023

For the year ended September 30, 2023	General	Community Redevelopment	Total
Excess (deficiency) of revenues over (under) expenditures	$ (1,199,687)	$ 94,151	$ (1,105,536)
Other Financing Sources (Uses)			
Transfer in	324,000	-	324,000
Transfer out	(439,174)	-	(439,174)
Debt proceeds	77,842	-	77,842
Total other financing sources (uses)	(37,332)	-	(37,332)
Net change in fund balances	(1,237,019)	94,151	(1,142,868)
Fund balances, beginning of year	4,844,015	41,281	4,885,296
Fund balances, end of year	$ 3,606,996	$ 135,432	$ 3,742,428

See accompanying notes

City of Springfield, 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, 2023

Net change in fund balances - total governmental funds (page 19)		$ (1,142,868)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay exceed depreciation and amortization in the current period.		
Capital outlay	3,409,659	
Depreciation and amortization expense	(719,414)	2,690,245
In the statement of activities, the gain or loss on the disposal, donation, or transfer of capital assets is reported, whereas in the governmental funds, these are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets.		(3,066)
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end are are not considered as "available" revenue in the governmental funds. In the statement of net postion, presented on the full accrual basis, these revenues are recognized.		(345,484)
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt proceeds	(77,842)	
Principal payments	24,727	
Change in accrued interest	(9,576)	(62,691)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.		(13,902)
Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.		270,083
Net pension liability reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.		(1,279,206)
Change in net position of governmental activities (page 14)		$ 113,111

See accompanying notes

City of Springfield, Florida
Statement of Net Position
Proprietary Funds

	Business-type Activities-Enterprise Funds			
September 30, 2023	Water	Sewer	Sanitation	Total
Assets				
Current assets				
Cash and cash equivalents	$ 300	$ 1,263,539	$ 78,600	$ 1,342,439
Accounts receivable, net	132,504	292,152	106,077	530,733
Due from joint venture	-	596,727	-	596,727
Due from other governments	226,277	138,430	858	365,565
Due from other funds	151,042	6,747,707	618,596	7,517,345
Total current assets	510,123	9,038,555	804,131	10,352,809
Noncurrent assets				
Restricted assets				
Cash and cash equivalents				
Customer deposits	847,813	-	-	847,813
Debt service funds	117,277	50,691	-	167,968
Impact fees	294,990	477,974	-	772,964
Investment in joint venture	-	3,921,815	-	3,921,815
Capital assets				
Nondepreciable	267,339	417,989	208,780	894,108
Depreciable, net	4,266,998	12,294,816	26,652	16,588,466
Right-to-use lease assets, net	2,283	2,283	2,283	6,849
Total noncurrent assets	5,796,700	17,165,568	237,715	23,199,983
Total assets	6,306,823	26,204,123	1,041,846	33,552,792
Deferred Outflows of Resources				
Deferred outflows related to pensions	53,614	44,290	-	97,904
Deferred outflows related OPEB	171,935	171,935	-	343,870
Total deferred outflows of resources	225,549	216,225	-	441,774
Liabilities				
Current liabilities				
Accounts payable	307,317	212,802	100,901	621,020
Accrued interest	96,537	2,757	-	99,294
Accrued liabilities	12,351	9,373	-	21,724
Compensated absences	553	209	-	762

(Continued)

City of Springfield, Florida
Statement of Net Position
Proprietary Funds (Continued)

	Business-type Activities-Enterprise Funds			
September 30, 2023	Water	Sewer	Sanitation	Total
Due to other funds	$ 1,149,314	$ 151,942	$ -	$ 1,301,256
Customer deposits	795,509	-	-	795,509
Current portion of financed purchase liability	141,905	-	-	141,905
Current portion of lease liability	1,097	1,097	1,097	3,291
Current portion of notes payable	162,935	227,936	-	390,871
Current portion of OPEB	11,129	11,129	-	22,258
Total current liabilities	2,678,647	617,245	101,998	3,397,890
Noncurrent liabilities				
Compensated absences	3,133	1,183	-	4,316
Total OPEB liability	182,429	182,429	-	364,858
Net pension liability	183,134	151,284	-	334,418
Financed purchase liability due after one year	628,966	-	-	628,966
Lease liability due after one year	1,238	1,238	1,238	3,714
Notes payable due after one year	877,670	3,495,152	-	4,372,822
Total noncurrent liabilities	1,876,570	3,831,286	1,238	5,709,094
Total liabilities	4,555,217	4,448,531	103,236	9,106,984
Deferred Inflows of Resources				
Deferred inflows related to pensions	8,091	6,685	-	14,776
Deferred inflows related to OPEB	425,771	425,771	-	851,542
Total deferred inflows of resources	433,862	432,456	-	866,318
Net position				
Net investment in capital assets	2,722,809	8,989,665	235,380	11,947,854
Restricted for				
Debt service	117,277	50,691	-	167,968
Impact fees	294,990	477,974	-	772,964
Unrestricted (deficit)	(1,591,783)	12,021,031	703,230	11,132,478
Total net position	$ 1,543,293	$ 21,539,361	$ 938,610	$ 24,021,264

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

For the year ended September 30, 2023	Business-type Activities-Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues				
Charges for services				
Sales	$ 1,484,069	$ 3,390,494	$ 1,316,743	$ 6,191,306
Connection/reconnection fees	113,776	-	-	113,776
Penalties	39,679	100,226	33,633	173,538
Tap fees	51,125	47,593	-	98,718
Miscellaneous revenues	2,772	-	-	2,772
Impact fees	74,492	98,723	-	173,215
Total operating revenues	1,765,913	3,637,036	1,350,376	6,753,325
Operating Expenses				
Personnel services	296,763	267,140	-	563,903
Professional services	69,651	64,460	64,460	198,571
Contractual services	196,849	22,594	1,100,625	1,320,068
Insurance	145,321	145,321	26,788	317,430
Repairs and maintenance	119,615	102,877	888	223,380
Operating supplies	38,108	61,433	11,041	110,582
Communication services	20,217	16,809	12,601	49,627
Public utility purchases	522,471	1,082,694	959	1,606,124
Travel and per diem	293	-	-	293
Rentals	110	-	-	110
Bad debt	21,057	34,686	209	55,952
Miscellaneous	84,656	6,795	6,075	97,526
Amortization	2,756	2,756	2,756	8,268
Depreciation	239,143	585,558	2,536	827,237
Total operating expenses	1,757,010	2,393,123	1,228,938	5,379,071
Operating income	8,903	1,243,913	121,438	1,374,254

(Continued)

City of Springfield, Florida
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds

	Business-type Activities-Enterprise Funds			
For the year ended September 30, 2023	Water	Sewer	Sanitation	Total
Nonoperating Revenues (Expenses)				
Income from joint venture	$ -	$ 204,156	$ -	$ 204,156
Interest expense	(66,509)	(5,877)	(125)	(72,511)
Capital grants	226,277	138,430	858	365,565
Total nonoperating revenues (expenses)	159,768	336,709	733	497,210
Income (Loss) Before Contributions and Transfers	168,671	1,580,622	122,171	1,871,464
Transfers in	208,244	230,930	-	439,174
Transfers out	(108,000)	(108,000)	(108,000)	(324,000)
Change in net position	268,915	1,703,552	14,171	1,986,638
Net position, beginning of year	1,274,378	19,835,809	924,439	22,034,626
Net position, end of year	$ 1,543,293	$ 21,539,361	$ 938,610	$ 24,021,264

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2023

	Business-type Activities/Enterprise Funds			
For the year ended September 30, 2023	Water	Sewer	Sanitation	Total
Operating Activities				
Cash received from customers for sales and services	$ 1,775,403	$ 3,597,963	$ 1,336,217	$ 6,709,583
Cash payments to employees	(288,108)	(262,111)	-	(550,219)
Cash payments to suppliers for goods and services	(1,036,137)	(1,475,323)	(1,124,119)	(3,635,579)
Net cash provided by operating activities	451,158	1,860,529	212,098	2,523,785
Noncapital Financing Activities				
Cash transfers out to other funds	100,244	122,930	(108,000)	115,174
Changes in internal balances	209,384	(2,154,208)	(156,091)	(2,100,915)
Net cash provided by (used in) noncapital financing activities	309,628	(2,031,278)	(264,091)	(1,985,741)
Capital and Related Financing Activities				
Acquisition of capital assets	(216,775)	(183,078)	(2,275)	(402,128)
Principal paid on notes payable	(163,019)	(225,275)	-	(388,294)
Principal paid on lease liabilities	(2,758)	(2,758)	(2,758)	(8,274)
Principal paid on financed purchases	(136,253)	-	-	(136,253)
Interest paid on long-term debt and lease liabilities	(64,180)	(5,954)	(125)	(70,259)
Net cash used by capital and related financing activities	(582,985)	(417,065)	(5,158)	(1,005,208)
Investing activities				
Investment in joint venture	-	(302,218)	-	(302,218)
Net cash provided by (used in) investing activities	-	(302,218)	-	(302,218)
Net increase (decrease) in cash and cash equivalents	177,801	(890,032)	(57,151)	(769,382)
Cash and cash equivalents, beginning of yea	1,082,579	2,682,236	135,751	3,900,566
Cash and cash equivalents, ending of year	$ 1,260,380	$ 1,792,204	$ 78,600	$ 3,131,184
Cash and cash equivalents classified as				
Current assets	$ 300	$ 1,263,539	$ 78,600	$ 1,342,439
Restricted assets	1,260,080	528,665	-	1,788,745
Total cash and cash equivalents	$ 1,260,380	$ 1,792,204	$ 78,600	$ 3,131,184

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2023

	Business-type Activities/Enterprise Funds			
For the year ended September 30, 2023	Water	Sewer	Sanitation	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	$ 8,903	$ 1,243,913	$ 121,438	$ 1,374,254
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	239,143	585,558	2,536	827,237
Amortization	2,756	2,756	2,756	8,268
Change in assets, deferred outflows, liabilities and deferred inflows				
(Increase) decrease in assets and deferred outflows				
Accounts receivable, net	(27,204)	(39,073)	(14,159)	(80,436)
Deferred outflows related to pension	(934)	(772)	-	(1,706)
Deferred outflows related to OPEB	17,397	17,397	-	34,794
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	182,211	62,346	99,527	344,084
Accrued liabilities	873	765	-	1,638
Accrued compensated absences	(945)	877	-	(68)
Net pension liability	33,888	27,994	-	61,882
Other postemployment benefits liability	(45,114)	(45,114)	-	(90,228)
Customer deposits	36,694	-	-	36,694
Deferred inflows related to pension	(2,243)	(1,851)	-	(4,094)
Deferred inflows related to OPEB	5,733	5,733	-	11,466
Total adjustments	442,255	616,616	90,660	1,149,531
Net cash provided by operating activities	$ 451,158	$ 1,860,529	$ 212,098	$ 2,523,785

See accompanying notes

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springfield, Florida (City), was incorporated under the provisions of Chapter 57-1871, Laws of Florida. The current City Charter, authorizes the following services: general government, public safety, highways and streets, maintenance, culture and recreation, water, sewer, and sanitation. Education, health, and welfare are administered by other governmental entities.

Reporting Entity

The City is governed by an elected mayor and four-member governing commission (City Commission). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

Blended Component Units

The Community Redevelopment Agency (CRA) was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is operated by the City and was created on March 30, 2007 by City Ordinance 07-05 pursuant to Florida Statute 163.357. All of the City's commission members serve as board members of the CRA and the services provided by the CRA create a financial benefit relationship with the City. The CRA does not issue separate financial statements. Their financial statements are included in the City's financial statements as a special revenue fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within five months of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water, sewer, and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *Community Redevelopment Fund* is used to account for tax increments revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

The City reports the following major enterprise funds:

The *Water Fund* is used to account for operations and activities related to the water system within the City.

The *Sewer Fund* is used to account for operations and activities related to the sewer system within the City.

The *Sanitation Fund* is used to account for operations and activities related to the collection of solid waste within the City.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Fund Financial Statements* (continued)**

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Community Redevelopment Fund.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level per Florida Statutes which provides that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statutes.

The City budgets expenditures at the department level. Only the City Commission can approve budget amendments that change the total approved budget appropriation of an individual department. Department managers can transfer appropriations within the departmental budget, but cannot change the total appropriation of an individual department without the approval of the City Commission.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary basis of accounting (continued)

Budgetary data presented in the accompanying required supplementary information in the final budgeted amounts column represents the final budgetary data. In this column, the effects of budget amendments have been applied to original budgetary data, when applicable.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and cash equivalents

The City considers demand deposits and short-term highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Receivables and payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Water, Sewer, and Sanitation funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 60 days are subject to being considered as uncollectible.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Interfund Activities and Transactions (continued)

Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposits – Deposited in noninterest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Impact fees – Includes certain proceeds from impact fees collected for specific purposes but unspent at year-end.

Community redevelopment fund – Includes funds received related to the tax increments revenues derived from taxable real property within the geographic boundaries of the community redevelopment area.

Law enforcement education – Funds generated from fines and confiscated property applied towards further education and enhancement of the police department pursuant to state statutes.

Capital Assets

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, right-to-use subscription assets, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Donated or contributed capital assets are recorded at acquisition value at the date received.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method generally over the following estimated useful lives:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Capital Assets (continued)

Buildings	20-40 years
Improvements	5-40 years
Machinery and Equipment	3-10 years
Infrastructure	10-50 years
Streets	15-40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to other postemployment benefits* and the *deferred outflows related to pensions*, both reported in the government-wide and proprietary funds statements of net position. The deferred outflows related to other postemployment benefits are related to contributions made after the measurement date. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

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 that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources, the *deferred inflows related to other postemployment benefits* and the *deferred inflows related to pensions*, both reported in the government-wide and proprietary funds statements of net position. The deferred inflows related to other postemployment benefits are related to changes in demographics. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (continued)

Compensated Absences (continued)

recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The City has a single employer OPEB plan. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Net Position and Fund Balance (continued)

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has authorized the finance director and mayor to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. All property is assessed by the county according to its fair market value on January 1 of each year.

Each assessment roll is submitted to the executive director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mils for general operations. The City's millage rate for the year ended September 30, 2023, was 4.8650 mils.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

Delinquent taxes on real property bear interest of 18% per year. On, or prior to, June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

The City tax calendar is as follows: valuation date: January 1; levy date: November 1; due date; March 31, succeeding year; and lien date: April 1, succeeding year.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and sanitation fund are charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

Miscellaneous Revenue – Miscellaneous revenue consist of various revenues including fees charged for nonrecurring services, donations, gifts, insurance proceeds, and other income.

Encumbrances

Encumbrance accounting is not utilized as an extension of the formal budgetary process in the governmental funds. Therefore, no provision for encumbrances has been made.

Reclassifications

Certain items for the prior year have been reclassified in the financial statements in order to conform with the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to pension liability and OPEB liability.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this Statement as the City did not identify any arrangements requiring adjustment from October 1, 2022.

The Governmental Accounting Standards Board (GASB) has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, the City's bank balances are covered by federal depository insurance (FDIC) coverage limits and monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

Investment policies - Florida Statutes, Section 218.415, authorizes the City to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interposal Cooperation Act as provided in State of Florida Statutes section 163.01
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

- Interest-bearing time deposits or savings accounts in state-certified qualified public depositories as defined in State of Florida Statutes section 280.02
- Direct obligations of the United States Treasury

Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2023, the City did not hold any investments that were considered to be a custodial credit risk.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy limits investments to securities with specific ranking criteria. At September 30, 2023, the City did not hold any investments that were considered to be a credit risk.

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. As September 30, 2023, the City did not hold any investments that were considered to be a concentration of credit risk.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

For the Water, Sewer, and Sanitation utility funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2023 (unbilled receivable), is estimated and accrued at year-end. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2023, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General fund	$ 122,657	$ -	$ -	$ 122,657
Enterprise funds				
Water fund	27,783	136,137	(31,416)	132,504
Sewer fund	28,263	312,396	(48,507)	292,152
Sanitation fund	4,656	111,096	(9,675)	106,077
Total	$ 183,359	$ 559,629	$ (89,598)	$ 653,390

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2023.

Capital Assets

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2023:

For the year ended September 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 1,662,391	$ -	$ -	$ 1,662,391
Construction in progress	4,912,870	43,843	(1,387,043)	3,569,670
Total capital assets, not being depreciated	6,575,261	43,843	(1,387,043)	5,232,061
Capital assets, being depreciated				
Buildings	415,694	-	-	415,694
Streets	1,551,323	3,925,102	-	5,476,425
Improvements	3,027,214	589,588	(65,906)	3,550,896

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

For the year ended September 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Intangible assets	$ 50,571	$ -	$ -	$ 50,571
Machinery and equipment	4,106,239	181,898	(200,260)	4,087,877
Total capital assets, being depreciated	9,151,041	4,696,588	(266,166)	13,581,463
Less accumulated depreciation for				
Buildings	95,842	22,955	-	118,797
Streets	604,077	115,873	-	719,950
Improvements	874,665	134,210	(41,268)	967,607
Intangible assets	50,571	-	-	50,571
Machinery and equipment	2,181,211	429,325	(200,260)	2,410,276
Total accumulated depreciation	3,806,366	702,363	(241,528)	4,267,201
Total capital assets being depreciated, net	5,344,675	3,994,225	(24,638)	9,314,262
Right-to-use lease assets, being amortized				
Equipment	15,015	32,357	-	47,372
Less accumulated amortization for				
Equipment	6,673	10,986	-	17,659
Right-to-use lease assets being amortized, net	8,342	21,371	-	29,713
Right-to-use subscription assets, being amortized				
Subscription-based information technology arrangements	-	45,485	-	45,485
Less accumulated amortization for				
Subscription-based information technology arrangements	-	6,065	-	6,065
Right-to-use subscription assets being amortized, net	-	39,420	-	39,420
Total governmental activities' capital assets (net)	$ 11,928,278	$ 4,098,859	$ (1,411,681)	$ 14,615,456

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2023:

	Water	Sewer	Sanitation	Total
Land	$ 185,932	$ 228,389	$ 208,780	$ 623,101
Construction in progress	81,407	189,600	-	271,007
Buildings and improvements	49,228	49,227	32,020	130,475
Distribution system	5,627,859	13,767,919	-	19,395,778
Intangible assets	41,469	41,469	41,469	124,407
Equipment and furniture	484,808	1,209,962	15,270	1,710,040
Total	6,470,703	15,486,566	297,539	22,254,808
Less accumulated depreciation				
Buildings and improvements	14,248	14,248	7,605	36,101
Distribution system	1,555,297	1,816,007	-	3,371,304
Intangible assets	41,469	41,469	41,469	124,407
Equipment and furniture	325,352	902,037	13,033	1,240,422
Total accumulated depreciation	1,936,366	2,773,761	62,107	4,772,234
Total capital assets being depreciated (net of accumulated depreciation)	4,534,337	12,712,805	235,432	17,482,574
Right-to-use lease assets being amortized				
Equipment	7,663	7,663	7,663	22,989
Less accumulated amortization				
Equipment	5,380	5,380	5,380	16,140
Right-to-use lease assets being amortized (net of accumulated amortization)	2,283	2,283	2,283	6,849
Total business-type activities' capital assets (net)	$ 4,536,620	$ 12,715,088	$ 237,715	$ 17,489,423

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2023:

For the year ended September 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 623,101	$ -	$ -	$ 623,101
Construction in progress	16,638	254,369	-	271,007
Total capital assets not being depreciated	639,739	254,369	-	894,108
Capital assets being depreciated				
Buildings and improvements	130,475	-	-	130,475
Distribution system	19,267,435	128,343	-	19,395,778
Intangible assets	124,407	-	-	124,407
Machinery and equipment	1,690,624	19,416	-	1,710,040
Total capital assets being depreciated	21,212,941	147,759	-	21,360,700
Less accumulated depreciation				
Buildings and improvements	27,027	9,074	-	36,101
Distribution system	2,679,773	691,531	-	3,371,304
Intangible assets	124,407	-	-	124,407
Machinery and equipment	1,113,790	126,632	-	1,240,422
Total accumulated depreciation	3,944,997	827,237	-	4,772,234
Total capital assets being depreciated, net	17,267,944	(679,478)	-	16,588,466
Right-to-use lease assets being amortized				
Equipment	22,989	-	-	22,989
Accumulated amortization				
Equipment	7,872	8,268	-	16,140

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

For the year ended September 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Right-to-use lease assets being amortized (net of accumulated amortization)	$ 15,117	$ (8,268)	$ -	$ 6,849
Total business-type activities' capital assets (net)	$ 17,922,800	$ (433,377)	$ -	$ 17,489,423

Depreciation and amortization expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities	
General government	$ 22,606
Public safety	360,040
Highways and streets	276,540
Maintenance	13,940
Culture and recreation	46,288
Total depreciation and amortization expense - governmental activities	$ 719,414

Depreciation and amortization expense was allocated to the business-type functions in the statement of activities as follows:

Business-type activities	
Water	$ 241,899
Sewer	588,314
Sanitation	5,292
Total depreciation and amortization expense - business-type activities	$ 835,505

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities

Hurricane Michael Recovery Revenue Note

In July 2021, the City issued $15,000,000 Hurricane Recovery Revenue Note, Series 2021 for financing and reimbursing the City for certain costs associated with the construction and rebuilding of certain capital improvements related to Hurricane Michael response, recovery, and mitigation, as established by the Commission of the City. The note has a variable interest rate equal to (a) 79% of Secured Overnight Financing Rate rates, plus (b) 71 basis points. Interest on the note shall be payable semi-annually, commencing March 1, 2022, and each September and March 1 thereafter, and at the maturity of the note, calculated on a 30 over 360 day basis. Principal shall be paid at maturity on September 1, 2024. Interest rate in effect as of September 30, 2023 was 5.01%.

Community Disaster Loan

In July 2020, the City issued $2,902,896 Community Disaster Loan for operation of essential community services after the substantial loss of revenue caused by Hurricane Michael. The note has a fixed interest rate of 0.25% per year. The principal and interest less any amounts that may be cancelled by the government pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, are due in September 2025.

State Revolving Fund Loan DW0308010

The City borrowed $2,796,462 under the State of Florida Revolving Fund Program on April 15, 2007 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The loan is secured by a pledge of gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the water system operations, including investment income. The interest rate is 2.64%. Principal and interest is payable semi-annually on October 15 and April 15, commencing April 15, 2014. Interest of $26,433 was paid on this debt during the year ended September 30, 2023.The remaining principal on this debt as of September 30, 2023, totaled $1,040,604.

State Revolving Fund Loan WW030501

The City borrowed $5,604,730 under the State of Florida Revolving Fund Program on December 8, 2016 to finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system. The loan was amended July 19, 2018 to add an additional $500,000 of available funding plus $122,095 in loan service fees. The City has drawn on $1,950,504 of available funds after loan forgiveness of $4,154,226, which includes capitalized interest of $597. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

sewer system operations, including investment income. The interest rates ranging from 0% to 0.2%. Principal and interest is payable semi-annually on March 15 and September 15, commencing September 15, 2019. Interest of $833 was paid on this debt during the year ended September 30, 2023.The remaining principal on this debt as of September 30, 2023, totaled $1,608,496.

State Revolving Fund Loan WW030520

The City borrowed $6,404,835 under the State of Florida Revolving Fund Program on March 8, 2019 to finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system. The City has drawn on $2,352,310 of available funds after loan forgiveness of $4,063,425, which includes capitalized interest of $10,900. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the sewer system operations, including investment income. The interest rate is 0.105%. Principal and interest is payable semi-annually on December 15 and June 15, commencing December 15, 2021. Interest of $4,898 was paid on this debt during the year ended September 30, 2023.The remaining principal on this debt as of September 30, 2023, totaled $2,114,592.

The following is a summary of governmental activities notes payable for the year ended September 30, 2023:

	Governmental Activities					
	Hurricane Michael Recovery Note		Community Disaster Loan Note		Total	
For the years ending September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 5,050,000	$ 231,921	$ -	$ -	$ 5,050,000	$ -
2025	-	-	2,902,896	28,862	2,902,896	28,862
Total	5,050,000	231,921	2,902,896	28,862	7,952,896	28,862
Current portion	(5,050,000)	-	-	-	(5,050,000)	-
Payable after one year	$ -	$ 231,921	$ 2,902,896	$ 28,862	$ 2,902,896	$ 28,862

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The following is a summary of business-type activities notes payable for the year ended September 30, 2023:

	Business-type Activities			
	State Revolving Fund Loan DW0308010		State Revolving Fund Loan WW030501	
For the years ending September 30,	Principal	Interest	Principal	Interest
2024	$ 162,935	$ 26,517	$ 103,404	$ 782
2025	167,265	22,187	103,455	732
2026	171,710	17,742	103,505	681
2027	176,273	13,179	103,556	630
2028	180,957	8,495	103,607	579
2029-2033	181,465	3,686	518,802	2,130
2034-2038	-	-	520,091	843
2039-2041	-	-	52,076	13
Total	1,040,605	91,806	1,608,496	6,390
Current portion	(162,935)	(26,517)	(103,404)	(782)
Payable after one year	$ 877,670	$ 65,289	$ 1,505,092	$ 5,608

	Business-type Activities			
	State Revolving Fund Loan WW030520		Total	
For the years ending September 30,	Principal	Interest	Principal	Interest
2024	$ 124,532	$ 2,176	$ 390,871	$ 29,475
2025	124,663	2,045	395,383	24,964
2026	124,794	1,914	400,009	20,337
2027	124,925	1,783	404,754	15,592
2028	125,056	1,652	409,620	10,726
2029-2033	627,252	6,288	1,327,519	12,104
2034-2038	630,553	2,987	1,150,644	3,830
2039-2041	232,817	267	284,893	280
Total	2,114,592	19,112	4,763,693	117,308
Current portion	(124,532)	(2,176)	(390,871)	(29,475)
Payable after one year	$ 1,990,060	$ 16,936	$ 4,372,822	$ 87,833

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Leases-Lessee

The City has entered into a lease agreement to obtain the right-to-use copiers. The total annual rental for the copiers that the City paid for the fiscal year ended September 30, 2023 was $13,860. The lease has a 5 year term. Monthly payment amounts are $1,155.

The City has entered into a lease agreement to obtain the right-to-use a postage machine. The total annual rental for the copiers that the City paid for the fiscal year ended September 30, 2023 was $1,290. The lease has a 5 year term. Monthly payment amounts are $143.

The City has entered into a lease agreement to obtain the right-to-use body cameras. The total annual rental for the body cameras that the City paid for the fiscal year ended September 30, 2023 was $7,472. The lease has a 5 year term and payments are made annually for $7,472.

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2023:

For the years ending September 30,	Principal	Interest	Total
2024	$ 10,556	$ 2,101	$ 12,657
2025	7,592	1,600	9,192
2026	8,107	1,084	9,191
2027	7,361	540	7,901
Total	$ 33,616	$ 5,325	$ 38,941

Subscription-Based Information Technology Arrangements

The City has one software arrangement that requires recognition under GASBS No. 96. The City now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use subscription asset for a video storage service in Public Safety.

The sevice arrangement is a five-year agreement, initiated in fiscal year 2023 with an annual payment of $10,503. The City has imputed an interest rate of 7.5% for this arrangement based on the historic prime rate in effect at the time the agreement was initiated. There is no option to purchase the service. There are no residual value guarantees in the agreement.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

The following is a schedule of minimum future payments from subscription agreements as of September 30, 2023:

For the years ending September 30,	Principal	Interest	Total
2024	$ 7,792	$ 2,711	$ 10,503
2025	8,396	2,107	10,503
2026	9,046	1,457	10,503
2027	9,748	755	10,503
Total	$ 34,982	$ 7,030	$ 42,012

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows for governemental activities:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable from direct borrowings	$ 7,952,896	$ -	$ -	$ 7,952,896	$ 5,050,000
Net pension liability	6,216,397	1,411,500	-	7,627,897	-
Other postemployment benefits liability	2,928,741		(554,253)	2,374,488	136,727
Lease liabilities	8,477	32,357	(14,223)	26,611	7,265
Subscription liabilities	-	45,485	(10,503)	34,982	7,792
Compensated absences	80,838	94,739	(80,838)	94,739	14,211
Total governmental activities	$ 17,187,349	$ 1,584,081	$ (659,817)	$ 18,111,613	$ 5,215,995

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities (Continued)

Long-term liability activity for the year ended September 30, 2023, was as follows for business-type activities:

Business-type activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable from direct borrowings	$ 5,151,987	$ -	$ (388,294)	$ 4,763,693	$ 390,871
Financed purchase liability	907,124	-	(136,253)	770,871	141,905
Net pension liability	272,536	61,882		334,418	-
Other postemployment benefits liability	477,344	-	(90,228)	387,116	-
Lease liabilities	15,279	-	(8,274)	7,005	3,291
Compensated absences	5,146	5,078	(5,146)	5,078	762
Total business-type activities	$ 6,829,416	$ 66,960	$ (628,195)	$ 6,268,181	$ 536,829

Compensated absences, other postemployment benefits liability and the net pension liability will be liquidated in future periods primarily by the general fund for governmental activities. Business-type activities' compensated absences will be liquidated by the respective proprietary fund.

Pledged Revenues

The City has revenue notes outstanding at September 30, 2023, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Business-type Activities					
State Revolving Fund Loan DW0308010					
Maturity: 2027					
Interest rate: 2.64%	$ 2,796,462	$ 1,132,411	$ 212,396	$ 189,452	89.2%
Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system.					
Pledged revenue: Gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.					

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Pledged Revenues(Continued)

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
State Revolving Fund Loan WW030501					
Maturity: 2038					
Interest rate: 0.0 to 0.2%	$ 5,604,730	$ 1,614,886	$ 1,750,225	$ 104,191	6.0%
Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.					
Pledged revenue: Gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.					
State Revolving Fund Loan WW030520					
Maturity: 2040					
Interest rate: 0.105%	$ 6,404,835	$ 2,133,704	$ 1,750,225	$ 126,815	7.2%
Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.					
Pledged revenue: Gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.					

Interfund Receivables, Payables and Transfers

The composition of interfund balances and activity for the year ended September 30, 2023 is as follows:

	Transfer from			
	General Fund	Water Fund	Sewer Fund	Total
Transfer to:				
General Fund	$ -	$ 208,244	$ 230,930	$ 439,174
Water Fund	108,000	-	-	108,000
Sewer Fund	108,000	-	-	108,000
Total	$ 324,000	$ 208,244	$ 230,930	$ 763,174

The transfer from the general fund to the Water Fund and Sewer Fund are related to transferring infrastructure tax funds to proprietary funds to pay certain debt service payments. The transfer from the Water Fund, Sewer Fund, and Sanitation Fund to the general fund are for operational purposes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers (continued)

The composition of interfund balances and activity for the year ended September 30, 2023 is as follows:

	Due from					
	General Fund	Community Redevelop-ment Fund	Water Fund	Sewer Fund	Sanitation Fund	Total
Due to:						
General Fund	$ -	$ 8,646	$ -	$ 6,747,707	$ 419,850	$ 7,176,203
Water Fund	951,468	-	-	-	197,846	1,149,314
Sewer Fund	-	-	151,042	-	900	151,942
Total	$ 951,468	$ 8,646	$ 151,042	$ 6,747,707	$ 618,596	$ 8,477,459

Interfund receivables and payables are primarily the result of loans made between funds for operations.

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	$ 14,576,036	$ 17,489,423	$ 32,065,459
Outstanding debt related to capital assets	(5,076,611)	(5,541,569)	(10,618,180)
Net investment in capital assets	$ 9,499,425	$ 11,947,854	$ 21,447,279

Net Position Restrictions

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2023.

Governmental activities	
Community redevelopment fund	$ 135,432
Infrastructure tax	966,779
Law enforcement education	19,130
Total governmental activities	1,121,341

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Position Restrictions (continued)

Business-type activities		
Impact fees	$	772,964
Debt service		167,968
Total business-type activities		940,932
Total	$	2,062,273

Note 3: PENSION PLANS

Description of Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, *Florida Statutes.* Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, City agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, *Florida Statutes*, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Note 3: PENSION PLANS (Continued)

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to Section 112.363, *Florida Statutes*.

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates for the year ended September 30, 2023 were as follows:

	October 1, 2022 Through June 30, 2023		July 1, 2023 Through September 30, 2023	
	FRS	**HIS**	**FRS**	**HIS**
Regular class	10.25%	1.66%	11.57%	2.00%
Special risk	26.17%	1.66%	30.67%	2.00%
Elected officials	55.34%	1.66%	56.68%	2.00%
DROP participants	16.94%	1.66%	19.13%	2.00%

The City's contributions for the year ended September 30, 2023, were $745,643 to FRS and $76,668 to HIS.

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate shares of the net pension liabilities of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Note 3: PENSION PLANS (Continued)

Pension Liabilities and Pension Expenses (continued)

	FRS	HIS
Net pension liability	$ 6,150,896	$ 1,811,419
Proportion at:		
Current measurement date	0.014369212%	0.010786204%
Prior measurement date	0.015436347%	0.011405960%
Pension expense (benefit)	$ 1,419,764	$ 737,835

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 577,516	$ -
Changes of assumptions	400,966	-
Net difference between projected and actual earnings on pension plan investments	256,878	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	595,564	168,926
Employer contributions subsequent to the measurement date	187,636	-
Total	$ 2,018,560	$ 168,926

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,518	$ 4,252
Changes of assumptions	47,622	156,966
Net difference between projected and actual earnings on pension plan investments	935	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	217,418	21,655
Employer contributions subsequent to the measurement date	19,983	-
Total	$ 312,476	$ 182,873

Note 3: PENSION PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023.

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2024	$ 284,446	$ 38,182
2025	18,580	34,750
2026	1,119,575	21,785
2027	194,766	7,475
2028	44,631	5,310
Thereafter	-	2,118
Total	$ 1,661,998	$ 109,620

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2023. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	3.65%
Discount rate	6.70%	3.65%

For the FRS Pension Plan, the mortality rates were based on the PUB-2010 base table varies by member category and sex; projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Note 3: PENSION PLANS (Continued)

Actuarial Assumptions (continued)

For the HIS Program, the mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The HIS program is funded on a pay as you go basis and no experience study has been completed for the program. Thus, the above actuarial assumptions that determine the total pension liability as of June 30, 2023 were based on certain results of an actuarial experience study of the FRS for the period of July 1, 2013 - June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54% to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected rate of return on pension plan investments is not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	100.0%			

Note 3: PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.70% for the FRS Pension Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension 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 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.

The discount rate used to measure the total pension liability was 3.65% for the HIS Program. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS		
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	$ 10,506,982	$ 6,150,896	$ 2,506,508

	HIS		
	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
City's proportionate share of the net pension liability	$ 2,066,546	$ 1,811,419	$ 1,599,935

Note 3: PENSION PLANS (Continued)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2023, totaled $226,187.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City administers a single-employer defined benefit healthcare plan (Plan) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements.

Funding Policy

The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually during the budget process. The City does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. City contributions are assumed to be equal to benefits paid.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funding Policy (continued)

The makeup of plan participants as of the September 30, 2021 valuation was as follows:

Retirees' and beneficiaries	13
Active participants	80
Total plan members	93

Eligibility

A participant is eligible to receive benefits from the Plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active participant immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the Plan.

Actuarial Assumptions and Other Inputs

At the September 30, 2022 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.40 %
Salary increases	2.50 % including inflation
Discount rate	4.77 %
Health care cost trend rates	4.00 %
Retirees' share of benefit-related costs	100.0 % of projected health insurance premiums

The discount rate was selected based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. Eligible bonds must be rated as least AA by S&P, Aa2 by Moody's or AA by Fitch. The high quality bond index at September 30, 2021 was 4.77%.

Mortality rates were based on the Pub-2010 Annuitant Mortality Tables for Males and Females as appropriate with both rates, fully generational with adjustments for mortality improvements based on Scale MP-2021. PubG-2010 Disabled Retiree Mortality Tables set forward 3 years was used for disabled employees.

The actuarial assumptions used in the September 30, 2021 valuation were not based on the results of an actuarial experience study.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

At September 30, 2023, the City reported a total OPEB liability of $2,761,604. The information has been provided as of the September 30, 2022 measurement date.

September 30, 2023		
Service cost	$	246,459
Interest		86,992
Differences between expected and actual experience		-
Changes in assumptions		(831,807)
Changes in benefit terms		-
Contributions - employer		-
Benefits (payments) refunds		(146,126)
Net Change in OPEB liability		(644,482)
Total OPEB liability, beginning of year		3,406,086
Total OPEB liability, end of year	$	2,761,604

Changes of assumptions reflect a change in the discount rate from 2.43%, for the reporting period ended September 30, 2022, to the 4.77% for the reporting period ended September 30, 2023.

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the discount rate of 4.77%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.77%) or one percentage point higher (5.77%) than the current rate:

	1 % Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Net OPEB Liability	$ 3,078,476	$ 2,761,604	$ 2,491,139

The following table represents the City's total and net OPEB liability calculated using the health care cost trend rate of 4.00-7.50%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.00%-6.50%) or one percentage point higher (5.00%-8.50%) than the current rate:

	1 % Decrease 3.0%-6.5%	Current Trend Rate 4.0%-7.5%	1 % Increase 5.0%-8.5%
Net OPEB Liability	$ 2,457,848	$ 2,761,604	$ 3,129,229

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended September 30, 2023, the City, recognized OPEB expense (revenue) of $(314,051). At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,220,815
Changes of assumptions	2,297,226	1,861,629
Employer contributions subsequent to the measurement date	158,985	-
Total	$ 2,456,211	$ 6,082,444

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Measurement period ending September 30,	
2024	$ (492,218)
2025	(492,218)
2026	(492,218)
2027	(492,218)
2028	(492,218)
Thereafter	(1,324,128)
Total	$ (3,785,218)

Note 5: 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; injuries to eFmployees; and natural disasters.

The City purchases separate commercial insurance coverage for workers' compensation, liability, and property damage. Coverage for workers' compensation and automobile claims are limited to the maximum liability exposure the City faces under Florida statutes. Coverage for general liability claims is a maximum of $1,000,000 combined single limit.

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2023.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

Amounts received or receivable from grantor agencies 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 from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

In March 2023, the City signed a proposal to purchase a pumper fire fighter truck for $724,131. The truck is to be built and shipped by December 2024. No amount has been paid as of September 30, 2023.

Note 7: CONCENTRATIONS

The City purchases all of its residents' sanitation services from Waste Pro under an agreement dated September 12, 2016. The agreement was for a three year period from November 1, 2016 through November 1, 2019 with two automatic renewals of three years each unless notice is provided 90 days prior to expiration of the terms which did not occur as of September 30, 2022 to indicate the agreement was extended through November 1, 2025. During the year, the City paid these vendors $1,097,762 under this contract for sanitation services provided to customers.

Note 8: INVESTMENT IN JOINT VENTURE

The City, in alliance with Bay County, the Cities of Parker and Callaway, and the former Town of Cedar Grove joined efforts in 1996 to supply existing and expanded wastewater treatment and disposal services. The mission of this joint venture is to provide these services in an economical, efficient, and environmentally appropriate manner to their respective citizenry. This joint venture, known as Military Point Advanced Wastewater Treatment Facility (MPAWTF), assumed ownership of the existing wastewater treatment plant and then completed construction of a new seven million gallon per day advanced wastewater treatment facility which was placed in service in 1999. The new facility was funded by a combination of conventional borrowing and State Revolving Fund loans. MPAWTF is owned and governed by Bay County; and the Cities of Callaway, Parker and Springfield. One owner is selected by the others to be responsible for operations of MPAWTF. The owner delegated to be the operator is Bay County, Florida. The operator of MPAWTF, in accordance with the interlocal agreement, prepares the annual budget, sets treatment rates, and collects funds sufficient to pay debt service; costs of operations and maintenance; renewal and replacement; and necessary enhancements to reserves.

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

The results of operations and cash flows are accounted for in total, within the financial statements of the joint venture. The City's interest in equity is reported within the City's sewer fund. As of September 30, 2023, the City's investment in the joint venture was $3,921,815. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements of MPAWTF are as follows:

Statement of Net Position

September 30, 2023		
Assets		
Current assets	$	11,563,430
Noncurrent assets		19,244,164
Total assets		30,807,594
Deferred outflows		
Deferred loss on bond refunding		246,420
Liabilities		
Current liabilities		4,636,873
Noncurrent liabilities		2,789,831
Total liabilities		7,426,704
Net position	$	23,627,310

Statement of Activities

Year ended September 30, 2022		
Operating revenues	$	5,261,170
Operating expenses		(5,899,875)
Operating income		(638,705)
Nonoperating revenues (expenses), net		1,792,727
Net income before distributions to owners		1,154,022
Distributions to owners		(248,479)
Change in net position		905,543
Net position, beginning as restated		22,721,767
Net position, ending	$	23,627,310

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

For the year ended September 30, 2023, the City had income from joint venture in the amount of $204,156. As of September 30, 2023, the joint venture owes the City $869,359.

The City's income from joint venture for the year ended September 30, 2023 is as follows:

City's share of operating income	$	258,733
Increase in reserve requirements		61,443
Income from joint venture	$	320,176

Required Supplementary Information

City of Springfield, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem taxes	$ 1,326,268	$ 1,361,477	$ 1,349,837	$ (11,640)
Utility taxes	640,267	629,120	637,695	8,575
Local option gas tax	228,667	239,500	265,251	25,751
Communications services tax	137,200	146,892	147,830	938
Half-cent sales tax	2,240,936	2,253,342	2,253,240	(102)
Local business tax	-	19,911	19,911	-
Intergovernmental	670,142	747,534	747,534	-
Licenses and permits	710,550	685,469	708,712	23,243
Franchise fees	517,550	502,537	502,035	(502)
Charges for services	26,001	67,160	110,039	42,879
Fines and forfeitures	44,950	13,158	27,271	14,113
Rents	354,000	24,000	24,000	-
Interest	-	-	374	374
Grants	5,012,168	5,270,777	3,366,411	(1,904,366)
Contributions and donations	9,250	10,157	5,803	(4,354)
Other fees and miscellaneous	234,251	372,280	73,066	(299,214)
Total revenues	12,152,200	12,343,314	10,239,009	(2,104,305)
Expenditures				
Current				
General government				
Legislative Commission	88,088	85,676	116,505	(30,829)
Administration	1,302,603	1,046,363	1,213,242	(166,879)
Total general government	1,390,691	1,132,039	1,329,747	(197,708)
Public safety				
Police	2,813,948	2,987,081	2,949,772	37,309
Fire	1,811,704	2,012,585	1,959,074	53,511
Protective services	278,518	228,726	209,863	18,863
Total public safety	4,904,170	5,228,392	5,118,709	109,683
Highways and streets	1,006,867	3,818,932	784,544	3,034,388
Maintenance	226,374	202,620	186,539	16,081
Culture and recreation	281,423	462,084	373,038	89,046

(Continued)

City of Springfield, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund (Continued)
Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Capital outlay				
General government	$ -	$ -	$ 50,898	$ (50,898)
Public safety	287,291	315,658	221,335	94,323
Highways and streets	5,022,338	5,036,155	2,990,334	2,045,821
Culture and recreation	138,612	228,551	147,092	81,459
Total capital outlay	5,448,241	5,580,364	3,409,659	2,170,705
Debt service				
General government	594,434	594,434	236,460	357,974
Total expenditures	13,852,200	17,018,865	11,438,696	5,580,169
Excess (deficit) of revenues over (under) expenditures	(1,700,000)	(4,675,551)	(1,199,687)	3,475,864
Other financing sources (uses)				
Debt proceeds	-	3,851,551	77,842	(3,773,709)
Transfers from (to) other funds	1,700,000	824,000	(115,174)	(939,174)
Total other financing sources (uses)	1,700,000	4,675,551	(37,332)	(4,712,883)
Net change in fund balance	$ -	$ -	$ (1,237,019)	$ 2,452,448

Notes to schedule:
The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

(1) Prior to year end, the City prepares a proposed budget for the next succeeding fiscal year and submits it to the Commission. The recommended budget includes proposed expenditures and the sources of receipts to finance them.
(2) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
(3) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
(4) Approved City staff is authorized to transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department must be approved by the Commission. Expenditures may not exceed legal appropriations at the department level. All appropriations lapse at year end.
(5) Formal budgetary integration is employed as a management control device during the year for the General Fund and all major, special revenue funds (if any).
(6) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernment amounts.
(7) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

City of Springfield, Florida
Schedule of Changes in the City's Total Other Postemployment Benefits Liability and Related Ratios

September 30,	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 246,461	$ 1,731,777	$ 1,208,076	$ 747,610	$ 802,527	$ 869,500
Interest	86,992	307,245	345,791	367,492	315,536	263,643
Changes in benefit terms	-	(5,118,731)	-	-	-	-
Differences between expected and actual experience	-	(4,640,325)	-	(762,835)	-	-
Changes in assumptions	(831,807)	(1,391,253)	2,828,494	263,784	(739,975)	(837,979)
Benefits (payments) refunds	(146,127)	(215,010)	(200,009)	(217,958)	(182,880)	(168,166)
Total Change in OPEB liability	(644,481)	(9,326,297)	4,182,352	398,093	195,208	126,998
Total OPEB liability, beginning of year	3,406,085	12,732,382	8,550,030	8,151,937	7,956,729	7,829,731
Total OPEB liability, end of year (a)	$ 2,761,604	$ 3,406,085	$ 12,732,382	$ 8,550,030	$ 8,151,937	$ 7,956,729
Plan fiduciary net position						
Contributions - employer	$ 146,127	$ 215,010	$ 200,009	$ 217,958	$ 182,880	$ 168,166
Contributions - employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefits payments/refunds	(146,127)	(215,010)	(200,009)	(217,958)	(182,880)	(168,166)
Administrative expenses	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB liability - ending (a)-(b)	$ 2,761,604	$ 3,406,085	$ 12,732,382	$ 8,550,030	$ 8,151,937	$ 7,956,729
Plan fiduciary net position as a percentage of OPEB liability	0%	0%	0%	0%	0%	0%
Covered-employee payroll	$ 3,710,652	$ 3,620,148	$ 3,425,598	$ 3,342,047	$ 2,938,588	$ 2,866,915
Net OPEB liability as a percentage of covered- employee payroll	74%	94%	372%	256%	277%	278%

Notes to schedule:
(1) There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.
(2) GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is complied, the information will be presented only for those years for which information is available.

City of Springfield, Florida
Schedule of the City's Proportionate Share of the Net Pension Liability – Florida Retirement System

June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0154363%	0.0143692%	0.0127012%	0.0135115%	0.0141084%	0.0131160%	0.0118032%	0.0109979%	0.0100745%	0.0108840%
City's proportionate share of the net pension liability	$ 6,150,896	$ 5,346,502	$ 959,433	$ 5,856,063	$ 4,858,720	$ 3,950,601	$ 3,492,491	$ 2,776,988	$ 1,301,259	$ 664,085
City's covered payroll	$ 4,570,019	$ 3,935,519	$ 3,324,419	$ 3,184,526	$ 3,166,880	$ 2,958,706	$ 2,644,578	$ 2,468,455	$ 2,273,026	$ 2,334,996
City's proportionate share of the net pension liability as a percentage of its covered payroll	134.59%	135.85%	28.86%	183.89%	153.42%	133.52%	132.06%	112.50%	57.25%	28.44%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Notes to schedule:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

City of Springfield, Florida
Schedule of the City's Contributions – Florida Retirement System

As of and for the year ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially required contribution	$ 745,643	$ 659,732	$ 498,513	$ 446,050	$ 455,038	$ 392,854	$ 319,764	$ 284,439	$ 252,308	$ 245,848
Contributions in relation to the actuarially required contribution	(745,643)	(659,732)	(498,513)	(446,050)	(455,038)	(392,854)	(319,764)	(284,439)	(252,308)	(245,848)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 4,465,318	$ 4,183,482	$ 3,341,151	$ 3,176,383	$ 3,229,751	$ 3,028,629	$ 2,700,307	$ 2,604,097	$ 2,314,821	$ 2,284,080
Contributions as a percentage of covered payroll	16.70%	15.77%	14.92%	14.04%	14.09%	12.97%	11.84%	10.92%	10.90%	10.76%

Notes to schedule:

(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

City of Springfield, Florida
Schedule of the City's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program

June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0114060%	0.0107862%	0.0093904%	0.0090128%	0.0094691%	0.0090550%	0.0082968%	0.0079961%	0.0074845%	0.0078546%
City's proportionate share of the net pension liability	$ 1,811,419	$ 1,142,431	$ 1,151,879	$ 1,100,454	$ 1,059,498	$ 958,387	$ 887,129	$ 931,913	$ 763,301	$ 734,425
City's covered payroll	$ 4,570,019	$ 3,935,519	$ 3,324,419	$ 3,184,526	$ 3,166,880	$ 2,958,706	$ 2,644,578	$ 2,468,455	$ 2,273,026	$ 2,334,996
City's proportionate share of the net pension liability as a percentage of its covered payroll	39.64%	29.03%	34.65%	34.56%	33.46%	32.39%	33.55%	37.75%	33.58%	31.45%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Notes to schedule:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

City of Springfield, Florida
Schedule of the City's Contributions – Florida Retirement System

As of and for the year ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially required contribution	$ 76,668	$ 69,054	$ 55,658	$ 51,619	$ 53,624	$ 50,287	$ 44,814	$ 43,237	$ 31,315	$ 26,937
Contributions in relation to the actuarially required contribution	(76,668)	(69,054)	(55,658)	(51,619)	(53,624)	(50,287)	(44,814)	(43,237)	(31,315)	(26,937)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 4,465,318	$ 4,183,482	$ 3,341,151	$ 3,176,383	$ 3,229,751	$ 3,028,629	$ 2,700,307	$ 2,604,097	$ 2,314,821	$ 2,284,080
Contributions as a percentage of covered payroll	1.72%	1.65%	1.67%	1.63%	1.66%	1.66%	1.66%	1.66%	1.35%	1.18%

Notes to schedule:

(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Compliance Section

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

Honorable Mayor and Members of the
City Commission
City of Springfield, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Springfield, Florida (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-006 and 2023-007 to be significant deficiencies.

Report on Compliance and Other Matters

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

City's Response to Findings

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

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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 28, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members of the
City Commission
City of Springfield, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Springfield, Florida's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 28, 2024

City of Springfield, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Federal Awards				
Department of Housing and Urban Development				
Passed through Florida Department of Economic Opportunity				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block grant--M0098	$ 7,489	$ -
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant--M0097	7,197	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant --M0127	7,101	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grants--M0025	18,597	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			40,384	-
Total Department of Housing and Urban Development			40,384	-
United States Environmental Protection Agency				
Passed through Florida Department of Environmental Protection				
Clean Water State Revolving Fund Cluster-Cluster				
Clean Water State Revolving Fund	66.458	Clean Water State Revolving Fund Construction Loan Agreement--WW030532	63,026	-
Total Clean Water State Revolving Fund Cluster-Cluster			63,026	-

(Continued)

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Passed through Florida Department of Environmental Protection				
Drinking Water State Revolving Fund Cluster-Cluster				
Drinking Water State Revolving Fund	66.468	Drinking Water State Revolving Fund Construction loan Agreement--DW030513	$ 71,776	$ -
Total Drinking Water State Revolving Fund Cluster-Cluster			71,776	-
Total United States Environmental Protection Agency			134,802	-
Department of Homeland Security				
Passed through Florida Division of Emergency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4399 Federal Disaster--Z0855	2,517,298	-
Hazard Mitigation Grant				
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0685	22,468	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0726	21,303	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0700	21,593	
Hazard Mitigation Grant			65,364	-
Total Department of Homeland Security			2,582,662	-
Total Expenditures of Federal Awards			$ 2,757,848	$ -

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying schedule of federal awards (schedule) is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and the State of Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent a complete presentation of the federal awards and state project activities of the City for the year ended September 30, 2023.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2023, the City did not elect to use this rate.

Note 3: LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

The City of Springfield was awarded a loan of $10,712,849 in August 2022, through the State of Florida Department of Environmental Protection. This award is identified under ALN No. 66.458, capitalization grants for state revolving funds loan agreement WW030532. As of September 30, 2023, the City had accrued related expenses of $63,026 on the project. In accordance with the loan agreement, the City is obligated to repay $2,142,570 of the balance, after loan forgiveness of $8,570,279 is applied, beginning in September 2025.

The City of Springfield was awarded a loan of $7,529,254 in August 2022, through the State of Florida Department of Environmental Protection. This award is identified under ALN No. 66.468 capitalization grants for drinking water state revolving fund loan agreement DW030513. As of September 30, 2023, the City had accrued related expenses of $71,776 on the project. In accordance with the loan agreement, the City is obligated to repay $2,574,252 of the balance, after loan forgiveness of $4,955,002 is applied, beginning in September 2025.

Note 4: PRIOR YEAR EXPENDITURES INCLUDED IN THE SEFA

Expenditures reported under ALN No. 97.036 include costs of $370,724 reported on the financial statements in a prior period.

Note 5: OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of federal or state financial assistance to be reported that includes endowments, insurance in effect, noncash assistance, donated property or free rent.

City of Springfield, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued	Unmodified Opinion
2. Internal control over financial reporting	
a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified not considered to be material weaknesses?	None Reported
2. Type of auditors' report issued on compliance for major programs	Unmodified
3. Any audit findings disclosures that are required to be reported in accordance with 2 CFR 200.516(a) ?	No

4. Identification of major programs

ALN Number	Name of federal program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as low-risk auditee?	No

(Continued)

Section II – Financial Statement Findings

2023-001 Audit Adjusting Entries (prior years 2022-001 and 2021-001) (initially reported in 2007)

Condition: Significant adjustments to the financial records were required in order to correct the financial statements.

Criteria: The City is required to be able to provide materially correct financial information.

Effect: The auditors proposed a number of journal entries which the City reviewed and approved.

Cause: The City has a limited number of staff and is not able to produce financial records that would require no adjusting journal entries.

Recommendation: We recommend that the accounting staff continue to strive toward minimizing the proposed audit adjustments that are required.

Views of Responsible Officials and Planned Corrective Action: Management agrees with auditor's recommendation. As recommended, the City will strive to reduce the number of proposed audit adjustments. However, management believes that the resources necessary to eliminate the finding would include hiring additional staff, which would be cost prohibitive. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

2023-002 Schedule of Expenditures of Federal Awards Preparation (prior years 2022-002 and 2021-002) (initially reported in 2007)

Condition: Inadequate design of internal control over the preparation of the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control.

Criteria: 2 CFR Section 200.510 requires that the auditee prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements which must include the total federal awards expended.

Effect: The auditors assist in the preparation while the City retains responsibility for them. Multiple entries were required to post grant year-end adjustments related to grants.

Cause: The City has a limited number of staff and is not able to create its own financial statements and schedule of expenditures of federal awards.

Recommendation: We recommend that the City consider taking the necessary steps to prepare their schedule of expenditures of federal awards to the extent practical.

Views of Responsible Officials and Planned Corrective Action: Management believes that it is cost beneficial to have the auditors assist in the preparation of the schedule of expenditures of federal awards. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

2023-003 Bank Reconciliations (prior years 2022-003 and 2021-003) (initially reported in 2007)

Condition: The pooled cash general ledger bank account balance did not agree with related monthly and year-end reconciliations.

Criteria: The requirement is for bank reconciliations to be completed accurately and timely and reviewed by someone independent of the reconciliation process.

Effect: Failure to perform accurate and timely reconciliations and lack of review could result in ineffective cash management and/or material errors or fraud going undetected. In addition, unreconciled differences on the bank accounts results in the inability to determine if balances on the general ledger are correct, allowing potential material misstatements on the financial statements.

Cause: Management is not actively reviewing the monthly bank account reconciliations for accuracy. Staff has been unable to determine the source of the unreconciled differences on the bank statement over the past several years. Part of the issue appears to be related to the complexities associated with the multiple credit card systems the City has available and the City's inconsistency in preparation of a cash receipts log meant to assist them in the reconciliation.

Recommendation: We recommend that the City establish procedures to ensure that all bank reconciliations are prepared timely and that they agree with the general ledger. We recommend that the bank reconciliations be reviewed by a member of management or governance who is independent of the bank reconciliation process. We also recommend that all reconciliations be signed or initialed and dated by the preparer and reviewer so that timing and responsibility can be easily determined.

Views of Responsible Officials and Planned Corrective Action: The City is continuing to make efforts to keep all accounts properly reconciled and timely performed by having an employee dedicated to that position. We have incorporated a management level review of the bank statement before the reconciliation is performed by second person as well as any journal entries required are looked over by a third person prior to commitment. Procedures to incorporate a management level review of the reconciliations are in process.

2023-004 Account Balances with Subsidiary Ledgers (prior years 2022-004 and 2021-005) (initially reported in 2015)

Condition: Accounts receivable, customer deposits, and accounts payable accounts were not reconciled to the subsidiary ledgers at year-end on a regular basis throughout the year. All three groups of accounts did not agree with subsidiary ledgers to varying degrees at year-end and were not reviewed on a periodic basis during the year to investigate differences.

Criteria: Account balances should be accurate and agreed to subsidiary ledgers and other supporting documentation on a regular basis with differences investigated and resolved in a timely manner.

Effect: The result of this situation is account balances which may be incorrect and do not allow for accurate and timely financial reporting.

Cause: There appears to be a lack of knowledge on how the accounting software processes activity and how journal entries are posted or certain reports populate based on the accounting activity.

Recommendation: We recommend that the City implement procedures to ensure that City finance personnel obtain the necessary training and knowledge to ensure that account balances are accurate and agree with supporting documentation. All accounts should be reviewed on a regular basis and adjusted as necessary for accuracy. City finance personnel should also have training on how the software posts transactions to the general ledger to verify the transactions are posting properly and how certain reports populate to verify accuracy of subsidiary ledgers as well. We recommend that the payroll clerk review payroll related balances on a monthly basis to verify balances are appropriate and no adjustments are necessary between actual activity (e.g. insurance bills, payroll tax payments, retirement payments, etc.) and expectations based on automated entries by the system. We recommend that a monthly review by an appropriate level of management be performed and documented to assure that reconciliations are accurately and timely prepared.

Views of Responsible Officials and Planned Corrective Action: The City will establish procedures to include printing of the referenced reports, preparing monthly reconciliations with reconciling items investigated and adjusted promptly as needed, and documenting evidence of the preparer's and reviewer's initials on those reviews. The City will also assign an appropriate level of management to provide and document oversight. We are currently training and cross training to cover the duties when someone is absent so there is never a slow down on anyone's work load when they are away. We will take steps to verify that the customer deposits are being closed out and applied in a timely manner. We will perform adjustments on a weekly basis.

2023-005 Month-end Closing (prior years 2022-005 and 2021-006) (initially reported in 2010)

Condition: The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management but has not been able to implement those processes and procedures.

Criteria: Month-end closing procedures should be established and implemented to verify all accounts are appropriately reported at month-end and produce monthly financial reports which compares actual expenditures to budget.

Effect: Without month-end financial statements, errors and fraud can go uncorrected and they can become increasingly difficult to locate and correct over time. Also, the Commission and management are not able to make informed decisions when corrections aren't made in a timely manner.

Cause: The City has started to setup a process but has not implemented a formal month-end closing process.

Recommendation: We recommend the City create and implement a month-end closing process, which includes review of month end balances and the preparation of appropriate monthly financial statements.

Views of Responsible Officials and Planned Corrective Action: We have setup a month-end process but are behind in implementing those processes. We will begin to implement a formal month-end closing process, which includes the preparation of appropriate monthly financial statements.

2023-006 Segregation of Duties (prior years 2022-006 and 2021-004) (initially reported in 2009)

Condition: Due to the limited number of staff, the City does not have proper segregation of duties in many areas including user access within the accounting system. Daily activities should be structured in a way that one person isn't assigned the responsibility for more than one of the following responsibilities: the approval of transactions, the custody of assets, or the recording of transactions. At the City, even when daily activities are properly segregated, most staff is crossed trained as backups in incompatible duties.

Criteria: Authorization, custody, and record keeping duties should be segregated to provide reasonable assurance that assets and transactions are handled appropriately.

Effect: Not having proper segregation of duties increases the possibility of undetected errors or irregularities.

Cause: Limited number of staff does not allow for adequate segregation of incompatible duties.

Recommendation: The City should continue to evaluate the cost/benefit of hiring additional staff to better segregate incompatible duties. Duties should be separated as much as possible and compensating controls should be incorporated to mitigate the risk associated with the lack of proper segregation of duties. Monthly financial activity such as journal entries, significant account balances, bank reconciliations, bank statements and check images should be reviewed for reasonableness by an independent member of management with sufficient knowledge. We also recommend that additional oversight be implemented in other areas were possible in order to reduce the City's risks to an acceptable level. Finally we also recommend continuing to review the user access within the accounting system to consider whether all users have the access they actually need and administrative access is limited as much as possible.

Views of Responsible Officials and Planned Corrective Action: We will establish procedures to segregate incompatible duties and add mitigating controls to reduce the City's risk to an acceptable level to the City. Due to our small staff size, we do require employees to be cross-trained in positions that are potentially incompatible as backups.

2023-007 Collection and Write-off Policies and Procedures (prior years 2022-008 and 2021-009) (initially reported in 2020)

Condition: The City does not have written policies and procedures related to sending outstanding accounts receivable to collections and writing off outstanding uncollectible balances.

Criteria: Generally accepted accounting principles (GAAP) requires that accounts receivable be reported at fair value, which is net of a reasonable estimate of the allowance for doubtful accounts.

Effect: Accounts receivable, net may be overstated and customers may be treated inconsistently when written policies and procedures are not available or not consistently applied.

Cause: The City is in the process of improving their accounts receivable records. They have not always had the necessary staff available to keep up with reporting accounts to collections or for preparing written policies and procedures.

Recommendation: We recommend the City prepare written policies and procedures for staff to follow in the timing of sending accounts to collections and writing off accounts so that all accounts are treated consistently and accounts receivable can be reported net of uncollectible amounts as required by GAAP.

Views of Responsible Officials and Planned Corrective Action: We will do as recommended to prepare written policies and procedures related to collections and write-offs. We are no longer using outside companies for our collections and are currently training a staff member to handle this going forward, including calling past due customers and sending emails and letters.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported for the year ended September 30, 2023.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2023

The City has taken corrective action for findings included in the prior year audit report, except as noted below.

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2022-001/ 2023-001	Financial Statement/ Audit Adjusting Entries	Significant adjustments to the financial records were required in order to correct the financial statements.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2022-002/ 2023-002	Financial Statement/ Financial Statement and Schedule of Expenditures of Federal Awards Preparation	Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2022-003/ 2023-003	Financial Statement/ Bank Reconciliations	The pooled cash general ledger bank account balance did not agree with related monthly and year-end reconciliations.	Not Corrected	The City continues to work on improving their cash reconciliation procedures.
2022-004/ 2023-004	Financial Statement/ Account Balances	Accounts receivable, customer deposits, and accounts payable accounts were not reconciled to the subsidiary ledgers at year-end on a regular basis throughout the year. The customer deposit subsidiary ledger did not agree to the general ledger by significant amounts originally although adjusted with an audit adjustment. Smaller differences were noted in comparison of accounts receivable and accounts payable accounts as balances were not regularly reconciled	Not Corrected	The City continues to work on improving their policies and procedures related to review and adjustment of these accounts as needed.

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2022-005/ 2023-005	Financial Statement/ Month-end Closing	The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management but has not been able to implement those processes and procedures.	Not Corrected	The City continues to work on implementing a documented close out process.
2022-006/ 2023-006	Financial Statement/ Segregation of Duties	Due to the limited number of staff, the City does not have proper segregation of duties in many areas including user access within the accounting system. Daily activities should be structured in a way that one person isn't assigned the responsibility for more than one of the following responsibilities: the approval of transactions, the custody of assets, or the recording of transactions. At the City, even when daily activities are properly segregated, most staff is crossed trained as backups in incompatible duties.	Partially Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources although they believe they have done as much as possible with the resources available at this time.
2022-008/ 2023-007	Financial Statement/ Collection and Write-off Policies and Procedures	The City does not have written policies and procedures related to sending outstanding accounts receivable to collections and writing off outstanding uncollectible balances.	Not Corrected	The City continues to work on improving their financial condition.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of the
City Commission
City of Springfield, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Springfield, Florida (City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's 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 June 28, 2024, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted below under the heading prior year findings and recommendations.

Prior Year Findings and Recommendations

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	**2020-21 FY Finding #**	**2019-20 FY Finding #**
2023-001	2022-001	2021-001
2023-002	2022-002	2021-002
2023-003	2022-003	2021-003
2023-004	2022-004	2021-005
2023-005	2022-005	2021-006
2023-006	2022-006	2021-004
2023-007	2022-008	2021-009

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established under a Charter in accordance with the Laws of Florida 57-1871. There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The City included the Springfield Community Redevelopment Agency as a component unit. The City Commission of the City of Springfield, Florida is the "ex-officio" governing body of the Springfield Community Redevelopment Agency. The Agency was created on March 30, 2007 by City Ordinance 07-05 pursuant to Florida Statute 163.357.

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 communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we provided recommendations related to findings noted in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited

financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6., Rules of the Auditor General, the Springfield Community Redevelopment Agency reported:

a. The total number of district employees compensated in the last pay period of the district's fiscal year as $0.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as $0.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $0.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.
e. There are no construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported.
f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as the original budget increased from the final budget for revenues and expenditures by $94,150.

Additional Matters

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

Purpose of This Letter

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



CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 28, 2024

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and Members of the
City Commission
City of Springfield, Florida

We have examined the City of Springfield, Florida's (City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2023.

This report is intended solely for the information and use of the City Commission, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 28, 2024

CITY OF SPRINGFIELD

408 School Ave
Springfield, Florida 32401
(850) 872-7570 * (850) 872-7663 fax

Ralph Hammond, Mayor

COMMISSIONERS:
Jack Griffis
Richard Chval
Jackie Kennington
Cindy Hamre

Corrective Action Plan
September 30, 2023

2023-001 Audit Adjusting Entries

Views of Responsible Officials and Planned Corrective Action: Management agrees with auditor's recommendation. As recommended, the City will strive to reduce the number of proposed audit adjustments. However, management believes that the resources necessary to eliminate the finding would include hiring additional staff, which would be cost prohibitive. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

2023-002 Schedule of Expenditures of Federal Awards Preparation

Views of Responsible Officials and Planned Corrective Action: Management believes that it is cost beneficial to have the auditors assist in the preparation of the schedule of expenditures of federal awards. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

2023-003 Bank Reconciliations

Views of Responsible Officials and Planned Corrective Action: The City is continuing to make efforts to keep all accounts properly reconciled and timely performed by having an employee dedicated to that position. We have incorporated a management level review of the bank statement before the reconciliation is performed by second person as well as any journal entries required are looked over by a third person prior to commitment. Procedures to incorporate a management level review of the reconciliations are in process.

Anticipated Completion Date: September 30, 2024

Responsible Contact Person: Beth Strobel

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2023-004 Account Balances with Subsidiary Ledgers

Views of Responsible Officials and Planned Corrective Action: The City will establish procedures to include printing of the referenced reports, preparing monthly reconciliations with reconciling items investigated and adjusted promptly as needed, and documenting evidence of the preparer's and reviewer's initials on those reviews. The City will also assign an appropriate level of management to provide and document oversight. We are currently training and cross training to cover the duties when someone is absent so there is never a slow down on anyone's work load when they are away. We will take steps to verify that the customer deposits are being closed out and applied in a timely manner. We will perform adjustments on a weekly basis.

Anticipated Completion Date: December 30, 2024

Responsible Contact Person: Beth Strobel

2023-005 Month-end Closing

Views of Responsible Officials and Planned Corrective Action: We have setup a month-end process but are behind in implementing those processes. We will begin to implement a formal month-end closing process, which includes the preparation of appropriate monthly financial statements.

Anticipated Completion Date: December 30, 2024

Responsible Contact Person: Beth Strobel

2023-006 Separation of Duties

Views of Responsible Officials and Planned Corrective Action: We will establish procedures to segregate incompatible duties and add mitigating controls to reduce the City's risk to an acceptable level to the City. Due to our small staff size, we do require employees to be cross-trained in positions that are potentially incompatible as backups.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

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2023-007 Collection and Write-off Policies and Procedures

Views of Responsible Officials and Planned Corrective Action: We will do as recommended to prepare written policies and procedures related to collections and write-offs. We are no longer using outside companies for our collections and are currently training a staff member to handle this going forward, including calling past due customers and sending emails and letters.

Anticipated Completion Date: December 30, 2024

Responsible Contact Person: Beth Strobel

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BEFORE ME, the undersigned authority, personally appeared Beth Strobel, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of City of Springfield, Florida which is a local governmental entity of the State of Florida.
2. The governing body of City of Springfield, Florida adopted (Ordinance No. 354) implementing an impact fee or authorized City of Springfield, Florida to receive and expend proceeds of an impact fee implemented by City of Springfield, Florida.
3. City of Springfield, Florida has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Beth Strobel
Beth Strobel – Finance Director

STATE OF FLORIDA
COUNTY OF BAY

SWORN TO AND SUBSCRIBED before me this 18th day of June, 2024.

Ann L. Watts
NOTARY PUBLIC

Print Name Ann L. Watts

Personally known ✓ or produced identification _____
Type of identification produced: _____
My Commission Expires:
1/20/2025

Notary Public State of Florida
Ann L. Watts
My Commission HH 083243
Expires 01/20/2025