



City of Springfield, Florida

Financial Statements

September 30, 2024



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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, 2024, 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, 2024, 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.

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 68 and 69, schedule of revenues, expenditures, and changes in fund balance budget and actual – community redevelopment on page 70, schedule of other postemployment benefits on page 71, and schedules of defined benefit pension plans on pages 72 through 73 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

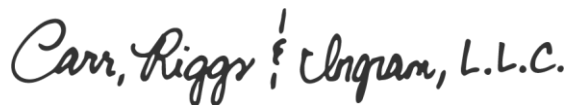
accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, 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 September 26, 2025, 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, LLC
Panama City Beach, Florida
September 26, 2025

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, 2024. 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 \$29,034,148 (net position). Of this amount, \$(16,595,537) is a deficit in unrestricted net position of the governmental activities and \$12,755,228 is unrestricted net position of the business-type activities. \$1,473,321 of net position is restricted for business-type activities and \$1,629,666 is restricted for governmental activities.
- Total net position increased by \$5,127,056 during fiscal year 2024. Of this amount, a decrease of \$665,812 is attributable to governmental activities, and an increase of \$5,127,056 is attributable to business-type activities.
- As of September 30, 2024, the general fund's unassigned fund balance was a deficit of \$3,223,657.
- Governmental activities' revenues decreased by \$1,327,046 or 13%, while governmental activities' expenses decreased by 5% or \$534,934. Business-type activities' revenues increased by \$4,216,428 or 58%, while business-type activities' expenses increased by 7% or \$397,009.

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 *government-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 *government-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 statements as a single major fund.

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, 2024 and 2023. At the end of fiscal year 2024, 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 2024 and 2023.

	Governmental		Business-type		Total	
	Activities		Activities			
September 30,	2024	2023	2024	2023	2024	2023
Current and other assets	\$ (121,700)	\$ 6,224,921	\$ 16,801,438	\$ 14,762,113	\$ 16,679,738	\$ 20,987,034
Capital assets	14,251,098	14,615,456	21,637,857	17,489,423	35,888,955	32,104,879
Total assets	14,129,398	20,840,377	38,439,295	32,251,536	52,568,693	53,091,913
Deferred outflows of resources	4,090,809	4,345,473	400,602	441,774	4,491,411	4,787,247
Current liabilities	3,863,019	6,836,479	2,039,361	2,096,634	5,902,380	8,933,113
Noncurrent liabilities	9,204,389	12,895,618	6,108,579	5,709,094	15,312,968	18,604,712
Total liabilities	13,067,408	19,732,097	8,147,940	7,805,728	21,215,348	27,537,825
Deferred inflows of resources	5,932,783	5,567,925	877,825	866,318	6,810,608	6,434,243
Net position						
Net investment in capital assets	14,185,887	9,499,425	15,585,583	11,947,854	29,771,470	21,447,279
Restricted	1,629,666	1,121,341	1,473,321	940,932	3,102,987	2,062,273
Unrestricted (deficit)	(16,595,537)	(10,734,938)	12,755,228	11,132,478	(3,840,309)	397,540
Total net position (deficit)	\$ (779,984)	\$ (114,172)	\$ 29,814,132	\$ 24,021,264	\$ 29,034,148	\$ 23,907,092

At September 30, 2024, 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 restricted net position is \$3,102,987 at September 30, 2024.

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

Change in Net Position						
<i>Year Ended September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	\$ 975,502	\$ 868,935	\$ 7,299,979	\$ 6,577,338	\$ 8,275,481	\$ 7,446,273
Operating grants/ contributions	139,852	3,170,499	597,332	204,156	737,184	3,374,655
Capital grants/ contributions	819,934	43,397	3,414,030	365,565	4,233,964	408,962
General revenues						
Gross receipts taxes	5,017,162	4,673,764	-	-	5,017,162	4,673,764
Franchise fees	675,131	502,035	-	-	675,131	502,035
State shared revenues	567,699	581,939	-	-	567,699	581,939
Impact fees	-	-	208,002	173,215	208,002	173,215
Miscellaneous revenues	446,825	158,812	1,155	2,772	447,980	161,584
Gain (loss) on disposal of assets	15,459	(14,771)	18,976	-	34,435	(14,771)
Total revenues	8,657,564	9,984,610	11,539,474	7,323,046	20,197,038	17,307,656
Expenses						
General government	1,471,736	1,435,404	-	-	1,471,736	1,435,404
Public safety	5,528,207	6,377,652	-	-	5,528,207	6,377,652
Highways and streets	1,312,099	1,077,397	-	-	1,312,099	1,077,397
Maintenance	204,000	207,323	-	-	204,000	207,323
Culture and recreation	487,687	437,240	-	-	487,687	437,240
Interest on long-term debt	217,662	221,309	-	-	217,662	221,309
Water	-	-	1,727,483	1,823,519	1,727,483	1,823,519
Sewer	-	-	2,695,116	2,399,000	2,695,116	2,399,000
Sanitation	-	-	1,425,992	1,229,063	1,425,992	1,229,063
Total expenses	9,221,391	9,756,325	5,848,591	5,451,582	15,069,982	15,207,907

(Continued)

<i>Year Ended September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Change in net position						
before transfers	\$ (563,827)	\$ 228,285	\$ 5,690,883	\$ 1,871,464	\$ 5,127,056	\$ 2,099,749
Transfers	(101,985)	(115,174)	101,985	115,174	-	-
Change in net position	(665,812)	113,111	5,792,868	1,986,638	5,127,056	2,099,749
Net position (deficit) -						
beginning	(114,172)	(227,283)	24,021,264	22,034,626	23,907,092	21,807,343
Net position (deficit) - ending	\$ (779,984)	\$ (114,172)	\$ 29,814,132	\$ 24,021,264	\$ 29,034,148	\$ 23,907,092

For the year ended September 30, 2024, governmental activities' expenses exceeded revenues by \$665,812, while business-type activities' revenues exceeded expenses by \$5,792,868. Total revenues increased \$2,889,382 from the previous year mainly due to an increase in grant revenues and charges for services. Total expenses decreased \$137,925 from the previous year mainly due to a decrease in public safety offset by an increase in enterprise expenditures and highway and streets. 66% of the revenues for governmental activities were generated by gross receipts, franchise and utility taxes and 11% were generated by operating and capital grants and contributions. Most of the governmental resources were expended for general government (16%), public safety (60%), and highways and streets (14%). Charges for services provided the majority of the revenues (63%) and grants and contributions provided 35% for business-type activities. Sewer expenses consumed the majority (46%) of business-type activities, followed by water expenses (30%).

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, 2024, total assets were \$7,458,046, total liabilities were \$9,001,984, and total deferred inflows of resources were \$674,623. At the end of fiscal year 2024, unassigned fund balance of the general fund was negative \$3,223,657 while the total fund balance was a negative \$2,218,561.

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, 2024 and 2023 are presented below.

<i>September 30,</i>	2024	2023
Water	\$ (1,864,560)	\$ (1,591,783)
Sewer	13,902,848	12,021,031
Sanitation	716,940	703,230
Total	\$ 12,755,228	\$ 11,132,478

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, 2024, 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	
<i>September 30,</i>	2024	2023	2024	2023	2024	2023
Land	\$ 1,662,391	\$ 1,662,391	\$ 623,101	\$ 623,101	\$ 2,285,492	\$ 2,285,492
Construction in progress	3,605,774	3,569,670	4,768,656	271,007	8,374,430	3,840,677
Buildings	273,942	296,897	85,300	94,374	359,242	391,271
Improvements/ distribution system	2,447,254	2,583,289	15,331,517	16,024,474	17,778,771	18,607,763
Machinery and equipment	1,788,585	1,677,601	807,308	469,618	2,595,893	2,147,219
Streets	4,402,878	4,756,475	-	-	4,402,878	4,756,475
Right-to-use assets	70,274	69,133	21,975	6,849	92,249	75,982
Total	\$ 14,251,098	\$ 14,615,456	\$ 21,637,857	\$ 17,489,423	\$ 35,888,955	\$ 32,104,879

Debt Management

At the end of fiscal year 2024, the City had total outstanding debt in the amount of \$9,020,381. 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	
<i>September 30,</i>	2024	2023	2024	2023	2024	2023
Lease liability	\$ 38,021	\$ 26,611	\$ 22,392	\$ 7,005	\$ 60,413	\$ 33,616
Subscription liability	27,190	34,982	-	-	27,190	34,982
Financed purchases	-	-	628,966	770,871	628,966	770,871
Notes payable	2,902,896	7,952,896	5,400,916	4,763,693	8,303,812	12,716,589
Total	\$ 2,968,107	\$ 8,014,489	\$ 6,052,274	\$ 5,541,569	\$ 9,020,381	\$ 13,556,058

Principal repayments during the year totaled \$5,603,139 on notes payable, financed purchases, lease liability, and subscription liability. Additional debt proceeds of \$1,067,462 were received during the year related to lease and notes payable.

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 \$6,582,520 which was primarily due to the City budgeting for grant revenues, transfers, and charges for services in the current year not actually received. The general fund actual expenditures were less than the final budgeted expenditures by \$870,940.

Economic Factors and Next Year's Budget

The next year's budget for 2025 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 5% per 1,000 gallons, Sewer rates were increased 10% per 1,000 gallons, and Sanitation rates were increased 5% 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

	Primary Government		
<i>September 30, 2024</i>	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 4,710,547	\$ 919,931	\$ 5,630,478
Receivables, net	123,886	583,921	707,807
Prepaid items	7,005	-	7,005
Internal balances	(6,651,609)	6,651,609	-
Due from other governments	1,069,171	1,011,831	2,081,002
Due from joint venture	-	834,292	834,292
Restricted assets			
Cash and cash equivalents			
Customer deposits	-	1,210,347	1,210,347
Debt service	-	160,243	160,243
Impact fees	-	982,925	982,925
Other	619,300	-	619,300
Investment in joint venture	-	4,446,339	4,446,339
Capital assets			
Nondepreciable	5,268,165	5,391,757	10,659,922
Depreciable, net	8,912,659	16,224,125	25,136,784
Right-to-use lease assets, net	39,951	21,975	61,926
Right-to-use subscription assets, net	30,323	-	30,323
Total assets	14,129,398	38,439,295	52,568,693
Deferred Outflows of Resources			
Deferred outflows related to pensions	2,230,722	97,798	2,328,520
Deferred outflows related to OPEB	1,860,087	302,804	2,162,891
Total deferred outflows of resources	4,090,809	400,602	4,491,411
Liabilities			
Accounts payable	68,605	485,402	554,007
Accrued interest	-	99,183	99,183
Accrued liabilities	268,233	19,156	287,389
Pension contributions payable	140,922	-	140,922
Unearned revenues	299,599	-	299,599
Prepaid utility charges	-	40,697	40,697
Deposits held in custody for others	4,141	-	4,141
Customer deposits	9,163	823,544	832,707

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Net Position (Continued)
September 30, 2024

<i>September 30, 2024</i>	Governmental Activities	Business-type Activities	Total
Non-current liabilities			
Due within one year			
Compensated absences	\$ 16,359	\$ 955	\$ 17,314
Notes payable	2,902,896	395,383	3,298,279
Financed purchase liability	-	147,790	147,790
Lease liability	9,612	5,259	14,871
Subscription liability	8,396	-	8,396
Other postemployment benefits	135,093	21,992	157,085
Due in more than one year			
Compensated absences	92,704	5,410	98,114
Notes payable	-	5,005,533	5,005,533
Financed purchase liability	-	481,176	481,176
Lease liability	28,409	17,133	45,542
Subscription liability	18,794	-	18,794
Net pension liability	7,371,692	323,185	7,694,877
Other postemployment benefits	1,692,790	276,142	1,968,932
Total liabilities	13,067,408	8,147,940	21,215,348
Deferred Inflows of Resources			
Deferred inflows related to pensions	739,607	32,425	772,032
Deferred inflows related to OPEB	5,193,176	845,400	6,038,576
Total deferred inflows of resources	5,932,783	877,825	6,810,608
Net Position			
Net investment in capital assets	14,185,887	15,585,583	29,771,470
Restricted			
Community redevelopment fund	631,575	-	631,575
Capital projects	974,504	-	974,504
Debt service	-	160,243	160,243
Impact fees	-	982,925	982,925
Public safety	23,587	-	23,587
Stormwater fees	-	330,153	330,153
Unrestricted (deficit)	(16,595,537)	12,755,228	(3,840,309)
Total net position (deficit)	\$ (779,984)	\$ 29,814,132	\$ 29,034,148

See accompanying notes

City of Springfield, Florida
Statement of Activities

<i>For the year ended September 30, 2024</i>					Net (Expense) Revenue and Changes in Net Position		
Program Revenues					Primary Government		
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,471,736	\$ 219,528	\$ 139,852	\$ 803,849	\$ (308,507)	\$ -	\$ (308,507)
Public safety	5,528,207	733,724	-	-	(4,794,483)	-	(4,794,483)
Highways and streets	1,312,099	-	-	16,085	(1,296,014)	-	(1,296,014)
Maintenance	204,000	-	-	-	(204,000)	-	(204,000)
Culture and recreation	487,687	22,250	-	-	(465,437)	-	(465,437)
Interest on long-term debt	217,662	-	-	-	(217,662)	-	(217,662)
Total governmental activities	9,221,391	975,502	139,852	819,934	(7,286,103)	-	(7,286,103)
Business-type activities							
Water	1,727,483	1,815,194	-	1,389,094	-	1,476,805	1,476,805
Sewer	2,695,116	3,940,123	597,332	2,024,936	-	3,867,275	3,867,275
Sanitation	1,425,992	1,544,662	-	-	-	118,670	118,670
Total business-type activities	5,848,591	7,299,979	597,332	3,414,030	-	5,462,750	5,462,750
Total primary government	\$ 15,069,982	\$ 8,275,481	\$ 737,184	\$ 4,233,964	(7,286,103)	5,462,750	(1,823,353)

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Activities (Continued)

		Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
		Governmental	Business-type	
		Activities	Activities	Total
<i>For the year ended September 30, 2024</i>				
General revenues and transfers				
Taxes				
Ad valorem taxes	\$	1,488,668	\$ -	\$ 1,488,668
Utility taxes		899,794	-	899,794
Local option gas tax		222,897	-	222,897
Communications services tax		144,928	-	144,928
Half-cent sales tax		2,232,174	-	2,232,174
Local business tax		28,701	-	28,701
Tax increment funds		382,166	-	382,166
State shared revenues		567,699	-	567,699
Franchise fees		675,131	-	675,131
Impact fees		-	208,002	208,002
Miscellaneous revenues		64,156	1,155	65,311
Interest earnings		503	-	503
Gain (loss) on disposal of assets		15,459	18,976	34,435
Transfers, net		(101,985)	101,985	-
Total general revenues and transfers		6,620,291	330,118	6,950,409
Change in net position		(665,812)	5,792,868	5,127,056
Net position (deficit) - beginning of year		(114,172)	24,021,264	23,907,092
Net position (deficit) - end of year	\$	(779,984)	\$ 29,814,132	\$ 29,034,148

See accompanying notes

City of Springfield, Florida
Balance Sheet
Governmental Funds

<i>September 30, 2024</i>	General	Community Redevelopment	Total
Assets			
Cash and cash equivalents	\$ 4,714,648	\$ -	\$ 4,714,648
Restricted cash and cash equivalents	283,297	331,902	615,199
Accounts receivable, net	123,886	-	123,886
Due from other funds	1,260,039	299,673	1,559,712
Due from other governments	1,069,171	-	1,069,171
Prepaid items	7,005	-	7,005
Total assets	\$ 7,458,046	\$ 631,575	\$ 8,089,621
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 68,605	\$ -	\$ 68,605
Accrued liabilities	268,233	-	268,233
Pension contributions payable	140,922	-	140,922
Customer deposits	9,163	-	9,163
Unearned revenue	299,599	-	299,599
Deposits held in custody of others	4,141	-	4,141
Due to other funds	8,211,321	-	8,211,321
Total liabilities	9,001,984	-	9,001,984
Deferred inflows of resources			
Unavailable revenue - grant revenues	674,623	-	674,623
Total deferred inflows of resources	674,623	-	674,623
Fund balances			
Nonspendable			
Prepays	7,005	-	7,005
Restricted			
Public safety	23,587	-	23,587
Community redevelopment fund	-	631,575	631,575
Capital improvements	974,504	-	974,504
Unassigned	(3,223,657)	-	(3,223,657)
Total fund balance	(2,218,561)	631,575	(1,586,986)
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,458,046	\$ 631,575	\$ 8,089,621

See accompanying notes

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

September 30, 2024

Total fund balances - governmental funds	\$ (1,586,986)
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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	\$ 19,219,866	
Less accumulated depreciation and amortization	<u>(4,968,768)</u>	14,251,098

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.	2,230,722
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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.	(739,607)
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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.	1,860,087
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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.	(5,193,176)
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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.	674,623
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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	\$ (109,063)	
Notes payable	(2,902,896)	
Lease liability	(38,021)	
Subscription liability	(27,190)	
Other postemployment benefits	(1,827,883)	
Net pension liability	<u>(7,371,692)</u>	(12,276,745)

Net position of governmental activities	\$ (779,984)
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See accompanying notes

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

<i>For the year ended September 30, 2024</i>	General	Community Redevelopment	Total
Revenues			
Taxes			
Ad valorem taxes	\$ 1,488,668	\$ -	\$ 1,488,668
Utility taxes	899,794	-	899,794
Local option gas tax	222,897	-	222,897
Communications services tax	144,928	-	144,928
Half-cent sales tax	2,232,174	-	2,232,174
Local business tax	28,701	-	28,701
Tax increment funds	-	382,166	382,166
Intergovernmental	693,610	-	693,610
Licenses and permits	814,985	-	814,985
Franchise fees	675,131	-	675,131
Charges for services	32,767	-	32,767
Fines and forfeitures	104,144	-	104,144
Rents	22,250	-	22,250
Interest	503	-	503
Grants	1,029,072	-	1,029,072
Contributions and donations	16,085	-	16,085
Other fees and miscellaneous	78,163	-	78,163
Total revenues	8,483,872	382,166	8,866,038
Expenditures			
Current			
General government	1,512,961	-	1,512,961
Public safety	5,306,663	-	5,306,663
Highways and streets	827,411	-	827,411
Maintenance	202,596	-	202,596
Culture and recreation	458,453	-	458,453
Capital outlay			
General government	43,042	-	43,042
Public safety	445,252	-	445,252
Highways and streets	10,194	-	10,194
Maintenance	883	-	883
Culture and recreation	883	-	883
Debt service			
Principal	5,067,184	-	5,067,184
Interest	238,756	-	238,756
Total expenditures	14,114,278	-	14,114,278

(Continued)

See accompanying notes

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

<i>For the year ended September 30, 2024</i>	General	Community Redevelopment	Total
Excess (deficiency) of revenues over (under) expenditures	\$ (5,630,406)	\$ 382,166	\$ (5,248,240)
Other Financing Sources (Uses)			
Transfer in	324,000	-	324,000
Transfer out	(425,985)	-	(425,985)
Debt proceeds	20,811	-	20,811
Total other financing sources (uses)	(81,174)	-	(81,174)
Net change in fund balances	(5,711,580)	382,166	(5,329,414)
Fund balances, beginning of year	3,606,996	135,432	3,742,428
Prior period adjustment	(113,977)	113,977	-
Fund balance - beginning (as restated)	3,493,019	249,409	3,742,428
Fund balances, end of year	\$ (2,218,561)	\$ 631,575	\$ (1,586,986)

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, 2024

Net change in fund balances - total governmental funds (page 18)	\$ (5,329,414)
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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	500,254	
Depreciation and amortization expense	<u>(864,612)</u>	(364,358)

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.	(208,474)
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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	(20,811)	
Principal payments	5,067,184	
Change in accrued interest	<u>21,088</u>	5,067,461

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.	(14,324)
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Changes to the OPEB liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	332,077
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Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(148,780)
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Change in net position of governmental activities (page 14)	\$ (665,812)
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See accompanying notes

City of Springfield, Florida
Statement of Net Position
Proprietary Funds

	Business-type Activities-Enterprise Funds			
<i>September 30, 2024</i>	Water	Sewer	Sanitation	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 300	\$ 881,179	\$ 38,452	\$ 919,931
Accounts receivable, net	164,522	296,891	122,508	583,921
Due from joint venture	-	834,292	-	834,292
Due from other governments	245,703	765,270	858	1,011,831
Due from other funds	115,092	7,580,732	565,612	8,261,436
Total current assets	525,617	10,358,364	727,430	11,611,411
Noncurrent assets				
Restricted assets				
Cash and cash equivalents				
Customer deposits	880,194	-	-	880,194
Debt service funds	109,761	50,482	-	160,243
Impact fees	389,720	593,205	-	982,925
Stormwater fees	330,153	-	-	330,153
Investment in joint venture	-	4,446,339	-	4,446,339
Capital assets				
Nondepreciable	2,386,846	2,796,131	208,780	5,391,757
Depreciable, net	4,029,561	12,170,865	23,699	16,224,125
Right-to-use lease assets, net	7,325	7,325	7,325	21,975
Total noncurrent assets	8,133,560	20,064,347	239,804	28,437,711
Total assets	8,659,177	30,422,711	967,234	40,049,122
Deferred Outflows of Resources				
Deferred outflows related				
to pensions	53,556	44,242	-	97,798
Deferred outflows related OPEB	151,402	151,402	-	302,804
Total deferred outflows of resources	204,958	195,644	-	400,602
Liabilities				
Current liabilities				
Accounts payable	267,745	215,004	2,653	485,402
Accrued interest	95,846	3,337	-	99,183
Accrued liabilities	8,737	10,419	-	19,156
Prepaid utility charges	15,534	17,326	7,837	40,697
Compensated absences	537	418	-	955

(Continued)

See accompanying notes

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

	Business-type Activities-Enterprise Funds			
<i>September 30, 2024</i>	Water	Sewer	Sanitation	Total
Due to other funds	\$ 1,493,835	\$ 115,992	\$ -	\$ 1,609,827
Customer deposits	823,544	-	-	823,544
Current portion of financed purchase liability	147,790	-	-	147,790
Current portion of lease liability	1,753	1,753	1,753	5,259
Current portion of notes payable	167,265	228,118	-	395,383
Current portion of OPEB	11,129	11,129	-	22,258
Total current liabilities	3,033,715	603,496	12,243	3,649,454
Noncurrent liabilities				
Compensated absences	3,044	2,366	-	5,410
Total OPEB liability	137,938	137,938	-	275,876
Net pension liability	176,983	146,202	-	323,185
Financed purchase liability due after one year	481,176	-	-	481,176
Lease liability due after one year	5,711	5,711	5,711	17,133
Notes payable due after one year	1,386,718	3,618,815	-	5,005,533
Total noncurrent liabilities	2,191,570	3,911,032	5,711	6,108,313
Total liabilities	5,225,285	4,514,528	17,954	9,757,767
Deferred Inflows of Resources				
Deferred inflows related to pensions	17,757	14,668	-	32,425
Deferred inflows related to OPEB	422,700	422,700	-	845,400
Total deferred inflows of resources	440,457	437,368	-	877,825
Net position				
Net investment in capital assets	4,233,319	11,119,924	232,340	15,585,583
Restricted for				
Debt service	109,761	50,482	-	160,243
Impact fees	389,720	593,205	-	982,925
Stormwater fees	330,153	-	-	330,153
Unrestricted (deficit)	(1,864,560)	13,902,848	716,940	12,755,228
Total net position	\$ 3,198,393	\$ 25,666,459	\$ 949,280	\$ 29,814,132

See accompanying notes

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

	Business-type Activities-Enterprise Funds			
<i>For the year ended September 30, 2024</i>	Water	Sewer	Sanitation	Total
Operating Revenues				
Charges for services				
Sales	\$ 1,563,118	\$ 3,752,409	\$ 1,506,319	\$ 6,821,846
Connection/reconnection fees	129,735	-	-	129,735
Penalties	41,355	110,076	38,343	189,774
Tap fees	80,986	77,638	-	158,624
Miscellaneous revenues	1,155	-	-	1,155
Impact fees	91,562	116,440	-	208,002
Total operating revenues	1,907,911	4,056,563	1,544,662	7,509,136
Operating Expenses				
Personnel services	271,333	278,042	-	549,375
Professional services	73,915	67,665	67,351	208,931
Contractual services	31,370	53,113	1,276,799	1,361,282
Insurance	175,142	175,142	32,285	382,569
Repairs and maintenance	170,863	64,148	-	235,011
Operating supplies	44,784	62,783	16,350	123,917
Communication services	18,651	19,821	13,209	51,681
Public utility purchases	589,692	1,285,993	1,061	1,876,746
Printing and binding	655	-	-	655
Bad debt	15,465	35,093	8,506	59,064
Miscellaneous	38,591	8,033	5,058	51,682
Amortization	1,896	1,896	1,896	5,688
Depreciation	236,808	601,447	2,953	841,208
Total operating expenses	1,669,165	2,653,176	1,425,468	5,747,809
Operating income	238,746	1,403,387	119,194	1,761,327

(Continued)

See accompanying notes

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

<i>For the year ended September 30, 2024</i>	Business-type Activities-Enterprise Funds			
	Water	Sewer	Sanitation	Total
Nonoperating Revenues (Expenses)				
Income from joint venture	\$ -	\$ 597,332	\$ -	\$ 597,332
Interest expense	(58,318)	(41,940)	(524)	(100,782)
Capital grants	1,389,094	2,024,936	-	3,414,030
Gain (loss) on disposal of assets	(1,512)	20,488	-	18,976
Total nonoperating revenues (expenses)	1,329,264	2,600,816	(524)	3,929,556
Income (Loss) Before Contributions and Transfers	1,568,010	4,004,203	118,670	5,690,883
Transfers in	195,090	230,895	-	425,985
Transfers out	(108,000)	(108,000)	(108,000)	(324,000)
Change in net position	1,655,100	4,127,098	10,670	5,792,868
Net position, beginning of year	1,543,293	21,539,361	938,610	24,021,264
Net position, beginning of year as restated	1,543,293	21,539,361	938,610	24,021,264
Net position, end of year	\$ 3,198,393	\$ 25,666,459	\$ 949,280	\$ 29,814,132

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

<i>For the year ended September 30, 2024</i>	Business-type Activities/Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Activities				
Cash received from customers for sales and services	\$ 2,299,933	\$ 3,200,175	\$ 1,589,052	\$ 7,089,160
Cash payments to employees	(298,508)	(299,684)	-	(598,192)
Cash payments to suppliers for goods and services	(1,198,700)	(1,769,589)	(1,518,867)	(4,487,156)
Net cash provided by operating activities	802,725	1,130,902	70,185	2,003,812
Noncapital Financing Activities				
Cash transfers out to other funds	87,090	122,895	(108,000)	101,985
Net cash provided by (used in) noncapital financing activities	87,090	122,895	(108,000)	101,985
Capital and Related Financing Activities				
Acquisition of capital assets	(1,444,077)	(2,507,626)	-	(3,951,703)
Proceeds for capital grants	1,369,668	1,398,096	-	2,767,764
Principal paid on notes payable	(162,935)	(225,679)	-	(388,614)
Principal paid on lease liabilities	(1,809)	(1,809)	(1,809)	(5,427)
Principal paid on financed purchases	(141,905)	-	-	(141,905)
Interest paid on long-term debt and lease liabilities	(59,009)	(41,360)	(524)	(100,893)
Proceeds from sales of capital assets	-	22,000	-	22,000
Net cash used by capital and related financing activities	(440,067)	(1,356,378)	(2,333)	(1,798,778)
Investing activities				
Investment in joint venture	-	(164,757)	-	(164,757)
Net cash provided by (used in) investing activities	-	(164,757)	-	(164,757)
Net increase (decrease) in cash and cash equivalents	449,748	(267,338)	(40,148)	142,262
Cash and cash equivalents, beginning of year	1,260,380	1,792,204	78,600	3,131,184
Cash and cash equivalents, ending of year	\$ 1,710,128	\$ 1,524,866	\$ 38,452	\$ 3,273,446
Cash and cash equivalents classified as				
Current assets	\$ 300	\$ 881,179	\$ 38,452	\$ 919,931
Restricted assets	1,709,828	643,687	-	2,023,362
Total cash and cash equivalents	\$ 1,710,128	\$ 1,524,866	\$ 38,452	\$ 3,273,446

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2024

<i>For the year ended September 30, 2024</i>	Business-type Activities/Enterprise Funds			
	Water	Sewer	Sanitation	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 238,746	\$ 1,403,387	\$ 119,194	\$ 1,761,327
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	236,808	601,447	2,953	841,208
Amortization	1,896	1,896	1,896	5,688
Change in assets, deferred outflows, liabilities and deferred inflows				
(Increase) decrease in assets and deferred outflows				
Accounts receivable, net	(32,018)	(4,739)	(16,431)	(53,188)
Due from other funds	35,950	(833,025)	52,984	(744,091)
Deferred outflows related to pension	58	48	-	106
Deferred outflows related to OPEB	20,533	20,533	-	41,066
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	(39,572)	2,202	(98,248)	(135,618)
Accrued liabilities	(3,614)	1,046	-	(2,568)
Prepaid utility charges	15,534	17,326	7,837	40,697
Accrued compensated absences	(105)	1,392	-	1,287
Due to other funds	344,521	(35,950)	-	308,571
Net pension liability	(6,151)	(5,082)	-	(11,233)
Other postemployment benefits liability	(44,491)	(44,491)	-	(88,982)
Customer deposits	28,035	-	-	28,035
Deferred inflows related to pension	9,666	7,983	-	17,649
Deferred inflows related to OPEB	(3,071)	(3,071)	-	(6,142)
Total adjustments	563,979	(272,485)	(49,009)	242,485
Net cash provided by operating activities	\$ 802,725	\$ 1,130,902	\$ 70,185	\$ 2,003,812
Noncash Capital and Related Financing Activities				
Acquisition of capital assets through leases and debt	\$ 683,251	\$ 356,462	\$ 6,938	\$ 1,046,651

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. Their financial statements are included in the City's financial statements as a special revenue fund. The Agency also issues separate financial statements. These may be obtained from the City at 408 School Avenue, Springfield, Florida 32401.

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*.

City of Springfield, Florida Notes to Financial Statements

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.

City of Springfield, Florida Notes to Financial Statements

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 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:

City of Springfield, Florida Notes to Financial Statements

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 130: *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 mills for general operations. The City’s millage rate for the year ended September 30, 2024, was 4.8650 mills.

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.

City of Springfield, Florida Notes to Financial Statements

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, September 26, 2025 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

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 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). There were no significant impacts of implementing this Statement.

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

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, 2024, 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 Interposol 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
- 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, 2024, 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, 2024, the City did not hold any investments that were considered to be a custodial credit risk.

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

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 150: *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, 2024, the City did not hold any investments that were considered to be a credit risk.

Concentration risk – Section 150: *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, 2024, the City did not hold any investments that were considered to be a concentration of credit risk.

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, 2024 (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, 2024, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General fund	\$ 123,886	\$ -	\$ -	\$ 123,886
Enterprise funds				
Water fund	46,536	149,256	(31,270)	164,522
Sewer fund	39,685	321,438	(64,232)	296,891
Sanitation fund	6,018	131,218	(14,728)	122,508
Total	\$ 216,125	\$ 601,912	\$ (110,230)	\$ 707,807

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (continued)

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, 2024.

Capital Assets

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2024:

<i>For the year ended September 30, 2024</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,662,391	\$ -	\$ -	\$ 1,662,391
Construction in progress	3,569,670	36,104	-	3,605,774
Total capital assets, not being depreciated	5,232,061	36,104	-	5,268,165
Capital assets, being depreciated				
Buildings	415,694	-	-	415,694
Streets	5,476,425	-	-	5,476,425
Improvements	3,550,896	12,711	-	3,563,607
Intangible assets	50,571	-	-	50,571
Machinery and equipment	4,087,877	430,628	(171,755)	4,346,750
Total capital assets, being depreciated	13,581,463	443,339	(171,755)	13,853,047
Less accumulated depreciation for				
Buildings	(118,797)	(22,955)	-	(141,752)
Streets	(719,950)	(353,597)	-	(1,073,547)
Improvements	(967,607)	(148,746)	-	(1,116,353)
Intangible assets	(50,571)	-	-	(50,571)
Machinery and equipment	(2,410,276)	(319,644)	171,755	(2,558,165)
Total accumulated depreciation	(4,267,201)	(844,942)	171,755	(4,940,388)
Total capital assets being depreciated, net	9,314,262	(401,603)	-	8,912,659

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

<i>For the year ended September 30, 2024</i>	Beginning Balance	Increases	Decreases	Ending Balance
Right-to-use lease assets, being amortized				
Equipment	\$ 47,372	\$ 20,811	\$ -	\$ 68,183
Less accumulated amortization for Equipment	(17,659)	(10,573)	-	(28,232)
Right-to-use lease assets being amortized, net	29,713	10,238	-	39,951
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)	(9,097)	-	(15,162)
Right-to-use subscription assets being amortized, net	39,420	(9,097)	-	30,323
Total governmental activities' capital assets (net)	\$ 14,615,456	\$ (364,358)	\$ -	\$ 14,251,098

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2024:

	Water	Sewer	Sanitation	Total
Land	\$ 185,932	\$ 228,389	\$ 208,780	\$ 623,101
Construction in progress	2,200,914	2,567,742	-	4,768,656
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	509,132	1,656,547	15,270	2,180,949
Total	8,614,534	18,311,293	297,539	27,223,366

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Water	Sewer	Sanitation	Total
Less accumulated depreciation				
Buildings and improvements	\$ (17,536)	\$ (17,536)	\$ (10,103)	\$ (45,175)
Distribution system	(1,742,907)	(2,321,354)	-	(4,064,261)
Intangible assets	(41,469)	(41,469)	(41,469)	(124,407)
Equipment and furniture	(396,215)	(963,938)	(13,488)	(1,373,641)
Total accumulated depreciation	(2,198,127)	(3,344,297)	(65,060)	(5,607,484)
Total capital assets being depreciated (net of accumulated depreciation)	6,416,407	14,966,996	232,479	21,615,882
Right-to-use lease assets being amortized				
Equipment	9,595	9,595	9,595	28,785
Less accumulated amortization				
Equipment	2,270	2,270	2,270	6,810
Right-to-use lease assets being amortized (net of accumulated amortization)	7,325	7,325	7,325	21,975
Total business-type activities' capital assets (net)	\$ 6,423,732	\$ 14,974,321	\$ 239,804	\$ 21,637,857

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2024:

<i>For the year ended September 30, 2024</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 623,101	\$ -	\$ -	\$ 623,101
Construction in progress	271,007	4,497,649	-	4,768,656
Total capital assets not being depreciated	894,108	4,497,649	-	5,391,757

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

<i>For the year ended September 30, 2024</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Buildings and improvements	\$ 130,475	\$ -	\$ -	\$ 130,475
Distribution system	19,395,778	-	-	19,395,778
Intangible assets	124,407	-	-	124,407
Machinery and equipment	1,710,040	479,891	(8,982)	2,180,949
Total capital assets being depreciated	21,360,700	479,891	(8,982)	21,831,609
Less accumulated depreciation				
Buildings and improvements	(36,101)	(9,074)	-	(45,175)
Distribution system	(3,371,304)	(692,957)	-	(4,064,261)
Intangible assets	(124,407)	-	-	(124,407)
Machinery and equipment	(1,240,422)	(139,177)	5,958	(1,373,641)
Total accumulated depreciation	(4,772,234)	(841,208)	5,958	(5,607,484)
Total capital assets being depreciated, net	16,588,466	(361,317)	(3,024)	16,224,125
Right-to-use lease assets being amortized				
Equipment	22,989	20,814	(15,018)	28,785
Accumulated amortization				
Equipment	(16,140)	(5,688)	15,018	6,810
Right-to-use lease assets being amortized (net of accumulated amortization)	6,849	15,126	-	21,975
Total business-type activities' capital assets (net)	\$ 17,489,423	\$ 4,151,458	\$ (3,024)	\$ 21,637,857

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

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

Governmental activities	
General government	\$ 19,959
Public safety	289,250
Highways and streets	499,336
Maintenance	10,521
Culture and recreation	45,546
Total depreciation and amortization expense - governmental activities	\$ 864,612

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

Business-type activities	
Water	\$ 238,704
Sewer	603,343
Sanitation	4,849
Total depreciation and amortization expense - business-type activities	\$ 846,896

Long-term Debt and Liabilities

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.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

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 \$26,517 was paid on this debt during the year ended September 30, 2024. The remaining principal on this debt as of September 30, 2024, totaled \$877,670.

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 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 \$782 was paid on this debt during the year ended September 30, 2024. The remaining principal on this debt as of September 30, 2024, totaled \$1,505,093.

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 \$4,641 was paid on this debt during the year ended September 30, 2024. The remaining principal on this debt as of September 30, 2024, totaled \$1,992,316.

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

State Revolving Fund Loan DW030513

The City borrowed \$7,529,254 under the State of Florida Revolving Fund Program on May 9, 2023 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The City has drawn on \$1,978,102 of available funds after loan forgiveness of \$1,301,789. 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 0.47%. Principal and interest was originally payable semi-annually on March 15 and September 15, commencing September 15, 2025. After year end, the loan was amended to principal and interest payable semi-annually on February 15 and August 15, commencing August 15, 2026. Interest of \$0 was paid on this debt during the year ended September 30, 2024. The remaining principal on this debt as of September 30, 2024, totaled \$676,313.

State Revolving Fund Loan CW030532

The City borrowed \$10,712,849 under the State of Florida Revolving Fund Program on March 23, 2023 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The City has drawn on \$1,747,619 of available funds after loan forgiveness of \$1,398,095. 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 0.58%. Principal and interest was originally payable semi-annually on March 15 and September 15, commencing September 15, 2025. After year end, the loan was amended to principal and interest payable semi-annually on February 15 and August 15, commencing August 15, 2026. Interest of \$0 was paid on this debt during the year ended September 30, 2024. The remaining principal on this debt as of September 30, 2024, totaled \$349,524.

The following is a summary of governmental activities notes payable for the year ended September 30, 2024:

<i>For the years ending September 30,</i>	Governmental Activities				
	Community Disaster Loan				
	Note		Total		
	Principal	Interest	Principal	Interest	
2025	\$ 2,902,896	\$ 28,862	\$ 2,902,896	\$ 28,862	
Total	2,902,896	28,862	2,902,896	28,862	
Current portion	(2,902,896)	(28,862)	(2,902,896)	(28,862)	
Payable after one year	\$ -	\$ -	\$ -	\$ -	

City of Springfield, Florida
Notes to Financial Statements

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, 2024:

<i>For the years ending September 30,</i>	Business-type Activities			
	State Revolving Fund Loan DW0308010		State Revolving Fund Loan WW030501	
	Principal	Interest	Principal	Interest
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	181,465	3,686	103,658	528
2030-2034	-	-	519,059	1,874
2035-2039	-	-	468,253	584
Total	877,670	65,289	1,505,093	5,608
Current portion	(167,265)	(22,187)	(103,455)	(732)
Payable after one year	\$ 710,405	\$ 43,102	\$ 1,401,638	\$ 4,876

<i>For the years ending September 30,</i>	Business-type Activities			
	State Revolving Fund Loan WW030520		State Revolving Fund Loan CW030532	
	Principal	Interest	Principal	Interest
2025	\$ 124,663	\$ 2,045	\$ -	\$ 2,027
2026	124,794	1,914	57,882	2,248
2027	124,925	1,783	124,114	1,512
2028	125,056	1,652	124,835	791
2029	125,187	1,521	42,693	124
2030-2034	627,911	5,629	-	-
2035-2039	631,215	2,325	-	-
2040-2041	108,565	67	-	-
Total	1,992,316	16,936	349,524	6,702
Current portion	(124,663)	(2,045)	-	(2,027)
Payable after one year	\$ 1,867,653	\$ 14,891	\$ 349,524	\$ 4,675

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

<i>For the years ending September 30,</i>	Business-type Activities			
	State Revolving Fund Loan		Total	
	DW030513			
	Principal	Interest	Principal	Interest
2025	\$ -	\$ 3,179	\$ 395,383	\$ 30,170
2026	65,615	1,548	523,506	24,133
2027	140,767	2,705	669,635	19,809
2028	141,429	2,043	675,884	13,560
2029	142,095	1,377	595,098	7,236
2030-2034	186,407	812	1,333,377	8,315
2035-2039	-	-	1,099,468	2,909
2040-2041	-	-	108,565	67
Total	676,313	11,664	5,400,916	106,199
Current portion	-	(3,179)	(395,383)	(30,170)
Payable after one year	\$ 676,313	\$ 8,485	\$ 5,005,533	\$ 76,029

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, 2024 was \$10,556. The leases have a 5 year term. Monthly payment amounts are \$848.

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, 2024 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, 2024 was \$7,472. The lease has a 5 year term and payments are made annually for \$7,472.

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2024:

<i>For the years ending September 30,</i>	Principal	Interest	Total
2025	\$ 14,871	\$ 4,497	\$ 19,368
2026	16,030	3,337	19,367
2027	15,984	2,093	18,077
2028	9,385	791	10,176
2029	4,143	89	4,232
Total	\$ 60,413	\$ 10,807	\$ 71,220

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 service 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.

The following is a schedule of minimum future payments from subscription agreements as of September 30, 2024:

<i>For the years ending September 30,</i>	Principal	Interest	Total
2025	\$ 8,396	\$ 2,107	\$ 10,503
2026	9,046	1,457	10,503
2027	9,748	755	10,503
Total	\$ 27,190	\$ 4,319	\$ 31,509

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2024, was as follows for governmental activities:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable from					
direct borrowings	\$ 7,952,896	\$ -	\$ (5,050,000)	\$ 2,902,896	\$ 2,902,896
Net pension liability	7,627,897	-	(256,205)	7,371,692	-
Other postemployment					
benefits liability	2,374,488	-	(546,605)	1,827,883	135,093
Lease liabilities	26,611	20,811	(9,401)	38,021	9,612
Subscription liabilities	34,982	-	(7,792)	27,190	8,396
Compensated absences	94,739	109,063	(94,739)	109,063	16,359
Total governmental activities	\$ 18,111,613	\$ 129,874	\$ (5,964,742)	\$ 12,276,745	\$ 3,072,356

Long-term liability activity for the year ended September 30, 2024, 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	\$ 4,763,693	\$ 1,025,837	\$ (388,614)	\$ 5,400,916	\$ 395,383
Financed purchase					
liability	770,871	-	(141,905)	628,966	147,790
Net pension liability	334,418	-	(11,233)	323,185	-
Other postemployment					
benefits liability	387,116	-	(88,982)	298,134	21,992
Lease liabilities	7,005	20,814	(5,427)	22,392	5,259
Compensated absences	5,078	6,365	(5,078)	6,365	955
Total business-type activities	\$ 6,268,181	\$ 1,053,016	\$ (641,239)	\$ 6,679,958	\$ 571,379

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities (Continued)

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, 2024, 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	\$ 942,959	\$ 385,888	\$ 189,452	49.1%
<i>Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system.</i>					
<i>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.</i>					
State Revolving Fund Loan WW030501					
Maturity: 2038					
Interest rate: 0.0 to 0.2%	\$ 5,604,730	\$ 1,510,701	\$ 2,276,178	\$ 104,186	4.6%
<i>Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.</i>					
<i>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.</i>					
State Revolving Fund Loan WW030520					
Maturity: 2040					
Interest rate: 0.105%	\$ 6,404,835	\$ 2,009,252	\$ 1,890,290	\$ 126,917	6.7%
<i>Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.</i>					
<i>Pledged revenue: Gross revenues from the operation of the water and sewer systems after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.</i>					

(Continued)

City of Springfield, Florida
Notes to Financial Statements

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
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State Revolving Fund Loan DW30513

Maturity: 2031

Interest rate: 0.47% \$ 1,978,102 \$ 687,977 \$ 2,484,180 \$ - 0.0%

Purpose: To finance the cost of furnishing all labor, materials, and equipment to construct the water distribution replacement project in accordance with the plans and specifications accepted by the Department for the "Springfield SRF Water and Sewer Rehabilitation" contract.

Pledged revenue: Gross revenues, together with impact fees, derived yearly from the operation of the utility system (water and sewer systems per agreement) after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior or parity obligations.

State Revolving Fund Loan CW030532

Maturity: 2029

Interest rate: 0.105% \$ 1,747,619 \$ 356,226 \$ 1,890,290 \$ - 0.0%

Purpose: To finance the cost of furnishing all labor, materials, and equipment to construct the inflow and infiltration correction in accordance with the plans and specifications accepted by the Department for the "Sewer and Water Improvements" contract.

Pledged revenue: Gross revenues derived yearly from the operation of the utility system (sewer system per agreement) after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior or parity obligations.

Interfund Receivables, Payables and Transfers

The composition of interfund balances and activity for the year ended September 30, 2024 is as follows:

	Transfer from				
	General Fund	Water Fund	Sewer Fund		Total
Transfer to:					
General Fund	\$ -	\$ 195,090	\$ 230,895	\$	425,985
Water Fund	108,000	-	-		108,000
Sewer Fund	108,000	-	-		108,000
Sanitation Fund	108,000	-	-		108,000
Total	\$ 324,000	\$ 195,090	\$ 230,895	\$	749,985

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers (continued)

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.

The composition of interfund balances and activity for the year ended September 30, 2024 is as follows:

		Due from					
	General Fund	Community Redevelopment Fund	Water Fund	Sewer Fund	Sanitation Fund		Total
Due to:							
General Fund	\$ -	\$ 299,673	\$ -	\$ 7,580,732	\$ 330,916		\$ 8,211,321
Water Fund	1,260,039	-	-	-	233,796		1,493,835
Sewer Fund	-	-	115,092	-	900		115,992
Total	\$ 1,260,039	\$ 299,673	\$ 115,092	\$ 7,580,732	\$ 565,612		\$ 9,821,148

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	\$ 14,251,098	\$ 21,637,857	\$ 35,888,955
Outstanding debt related to capital assets	(65,211)	(6,052,274)	(6,117,485)
Net investment in capital assets	\$ 14,185,887	\$ 15,585,583	\$ 29,771,470

City of Springfield, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Position Restrictions

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2024.

Governmental activities		
Community redevelopment fund	\$	631,575
Infrastructure tax		974,504
Law enforcement education		23,587
Total governmental activities		1,629,666
Business-type activities		
Impact fees	\$	982,925
Debt service		160,243
Stormwater		330,153
Total business-type activities		1,473,321
Total	\$	3,102,987

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

City of Springfield, Florida Notes to Financial Statements

Note 3: PENSION PLANS (Continued)

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.

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, 2024 were as follows:

	October 1, 2023 Through June 30, 2024		July 1, 2024 Through September 30, 2024	
	FRS	HIS	FRS	HIS
Regular class	11.57%	2.00%	11.63%	2.00%
Special risk	30.67%	2.00%	30.79%	2.00%
Elected officials	56.68%	2.00%	56.68%	2.00%
DROP participants	19.13%	2.00%	19.13%	2.00%

The City's contributions for the year ended September 30, 2024, were \$903,968 to FRS and \$94,306 to HIS.

City of Springfield, Florida
Notes to Financial Statements

Note 3: PENSION PLANS (Continued)

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2024, 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, 2024. 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.

	FRS	HIS
Net pension liability	\$ 6,045,588	\$ 1,649,289
Proportion at:		
Current measurement date	0.015627853%	0.010994544%
Prior measurement date	0.014369212%	0.010786204%
Pension expense (benefit)	\$ 1,044,058	\$ 109,529

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2024, 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	\$ 610,767	\$ -
Changes of assumptions	828,603	-
Net difference between projected and actual earnings on pension plan investments	-	401,821
Changes in proportion and differences between employer contributions and proportionate share of contributions	458,757	98,724
Employer contributions subsequent to the measurement date	206,655	-
Total	\$ 2,104,782	\$ 500,545

City of Springfield, Florida
Notes to Financial Statements

Note 3: PENSION PLANS (Continued)

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,925	\$ 3,167
Changes of assumptions	29,189	195,255
Net difference between projected and actual earnings on pension plan investments	-	596
Changes in proportion and differences between employer contributions and proportionate share of contributions	157,418	72,469
Employer contributions subsequent to the measurement date	21,206	-
Total	\$ 223,738	\$ 271,487

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, 2025.

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

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
2025	\$ 4,885	\$ 8,043
2026	1,119,241	(4,704)
2027	183,089	(18,487)
2028	32,105	(21,158)
2029	58,262	(24,617)
Thereafter	-	(8,032)
Total	\$ 1,397,582	\$ (68,955)

Note 3: PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2024. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2024. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2024. 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	3.50%	3.50%
Investment rate of return	6.70%	3.93%
Discount rate	6.70%	3.93%

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, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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 actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The following changes in key actuarial assumptions occurred in 2024:

HIS: The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates from 3.65% to 3.93%.

HIS: All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.

HIS: The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.

City of Springfield, Florida
Notes to Financial Statements

Note 3: PENSION PLANS (Continued)

Actuarial Assumptions (continued)

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%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
	<u>100.0%</u>			

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 3.93% 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.

City of Springfield, Florida
Notes to Financial Statements

Note 3: PENSION PLANS (Continued)

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		
	Current		
	1% Decrease	Discount Rate	1% Increase
	5.70%	6.70%	7.70%
City's proportionate share of the net pension liability	\$ 10,633,978	\$ 6,045,588	\$ 2,201,839
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
	2.93%	3.93%	4.93%
City's proportionate share of the net pension liability	\$ 1,877,504	\$ 1,649,289	\$ 1,459,834

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, 2024, totaled \$245,873.

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.

Funding Policy (continued)

The makeup of plan participants as of the September 30, 2023 valuation was as follows:

Retirees' and beneficiaries	10
Active participants	90
Total plan members	100

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.

City of Springfield, Florida
Notes to Financial Statements

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

Actuarial Assumptions and Other Inputs

At the September 30, 2023 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.50 %
Salary increases	2.50 % including inflation
Discount rate	4.87 %
Health care cost trend rates (ultimate trend rate)	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, 2023 was 4.87%.

Mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2021. All mortality rates are those outlined in the July 1, 2024 Florida Retirement System (FRS) valuation report as mandated by Chapter 2015-157, Florida Statutes for pension plans.

The actuarial assumptions used in the September 30, 2023 valuation were not based on the results of an actuarial experience study.

At September 30, 2024, the City reported a total OPEB liability of \$2,126,017. The information has been provided as of the September 30, 2023 measurement date.

September 30, 2024

Service cost	\$	169,860
Interest		136,128
Differences between expected and actual experience		-
Changes in assumptions		(273,987)
Changes in benefit terms		(510,503)
Contributions - employer		-
Benefits (payments) refunds		(157,085)
Net Change in OPEB liability		(635,587)
Total OPEB liability, beginning of year		2,761,604
Total OPEB liability, end of year	\$	2,126,017

City of Springfield, Florida Notes to Financial Statements

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

Actuarial Assumptions and Other Inputs (continued)

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

Fiscal Year Ending September 30, 2024: 4.87%
Fiscal Year Ending September 30, 2023: 4.77%
Fiscal Year Ending September 30, 2022: 2.43%

Also reflected as assumption changes are updated health care costs and premiums as well updated termination, mortality, and participation rates based on FRS valuation report.

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the discount rate of 4.87%, 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 (3.87%) or one percentage point higher (5.87%) than the current rate:

	Current Discount		
	1 % Decrease 3.87%	Rate 4.87%	1% Increase 5.87%
Net OPEB Liability	\$ 2,356,111	\$ 2,126,017	\$ 1,928,075

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%-6.00%) or one percentage point higher (5.00%-8.00%) than the current rate:

	Current		
	1 % Decrease 3.0%-6.0%	Trend Rate 4.0%-7.0%	1 % Increase 5.0%-8.0%
Net OPEB Liability	\$ 1,908,586	\$ 2,126,017	\$ 2,386,904

City of Springfield, Florida
Notes to Financial Statements

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, 2024, the City, recognized OPEB expense (revenue) of \$(386,135). At September 30, 2024, 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	\$ -	\$ 3,939,801
Changes of assumptions	2,039,535	2,098,775
Employer contributions subsequent to the measurement date	123,356	-
Total	\$ 2,162,891	\$ 6,038,576

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,	
2025	\$ (570,667)
2026	(570,667)
2027	(570,667)
2028	(570,667)
2029	(570,667)
Thereafter	(1,145,706)
Total	\$ (3,999,041)

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 eEmployees; 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, 2024.

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, 2024.

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 \$1,275,032 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.

City of Springfield, Florida
Notes to Financial Statements

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, 2024, the City's investment in the joint venture was \$4,446,339. 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, 2024

Assets		
Current assets	\$	11,588,997
Noncurrent assets		21,156,298
Total assets		32,745,295
Deferred outflows		
Deferred loss on bond refunding		164,281
Liabilities		
Current liabilities		5,251,688
Noncurrent liabilities		1,780,894
Total liabilities		7,032,582
Net position	\$	25,876,994

Statement of Activities

Year ended September 30, 2024

Operating revenues	\$	6,685,024
Operating expenses		(6,399,116)
Operating income		285,908
Nonoperating revenues (expenses), net		2,408,121
Net income before distributions to owners		2,694,029
Distributions to owners		(444,345)
Change in net position		2,249,684
Net position, beginning		23,627,310
Net position, ending	\$	25,876,994

City of Springfield, Florida
Notes to Financial Statements

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

For the year ended September 30, 2024, the City had income from joint venture in the amount of \$597,332. As of September 30, 2024, the joint venture owes the City \$834,292.

The City's income from joint venture for the year ended September 30, 2024 is as follows:

City's share of operating income	\$	488,862
Increase in reserve requirements		108,470
Income from joint venture	\$	597,332

Note 9: CORRECTION OF AN ERROR

In fiscal year 2024, the City discovered during the current year that the City's portion of ad valorem taxes on the tax increment value due to the CRA were not allocated appropriately for fiscal year 2022 and 2023. This error understated the fund balance and net position of the CRA.

The following table summarizes the changes to the City's fund balance and net position as a result of error corrections.

		General Fund		Community Redvelopment		Total
Fund balance, September 30, 2023, as previously reported	\$	3,606,996	\$	135,432	\$	3,742,428
Adjustment for error correction		(113,977)		113,977		-
Fund balance, September 30, 2023, restated	\$	3,493,019	\$	249,409	\$	3,742,428

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, 2024

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 1,692,562	\$ 1,692,562	\$ 1,488,668	\$ (203,894)
Utility taxes	709,200	709,200	899,794	190,594
Local option gas tax	280,098	280,098	222,897	(57,201)
Communications services tax	150,442	150,442	144,928	(5,514)
Half-cent sales tax	2,365,797	2,031,181	2,232,174	200,993
Local business tax	12,000	12,000	28,701	16,701
Intergovernmental	679,098	690,823	693,610	2,787
Licenses and permits	773,966	764,719	814,985	50,266
Franchise fees	557,200	653,273	675,131	21,858
Charges for services	28,250	1,834,101	32,767	(1,801,334)
Fines and forfeitures	43,700	25,654	104,144	78,490
Rents	378,000	46,250	22,250	(24,000)
Interest	-	-	503	503
Grants	5,386,628	4,625,193	1,029,072	(3,596,121)
Contributions and donations	10,000	7,908	16,085	8,177
Other fees and miscellaneous	205,250	416,382	78,163	(338,219)
Total revenues	13,272,191	13,939,786	8,483,872	(5,455,914)
Expenditures				
Current				
General government				
Legislative Commission	5,470,369	5,561,026	124,839	5,436,187
Administration	1,373,350	1,583,508	1,388,123	195,385
Total general government	6,843,719	7,144,534	1,512,962	5,631,572
Public safety				
Police	3,188,617	3,051,218	2,996,979	54,239
Fire	2,200,066	2,159,012	2,075,415	83,597
Protective services	292,705	292,138	234,269	57,869
Total public safety	5,681,388	5,502,368	5,306,663	195,705
Highways and streets	826,015	572,611	827,411	(254,800)
Maintenance	215,919	222,821	202,596	20,225
Culture and recreation	373,219	479,325	458,453	20,872

(Continued)

See independent auditor's report

City of Springfield, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund (Continued)
Year Ended September 30, 2024

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Capital outlay				
General government	\$ -	\$ -	\$ 43,041	\$ (43,041)
Public safety	437,703	437,703	445,252	(7,549)
Highways and streets	187,300	187,300	10,194	177,106
Maintenance	5,000	5,000	883	4,117
Culture and recreation	13,000	13,000	883	12,117
Total capital outlay	643,003	643,003	500,253	142,750
Debt service				
General government	420,556	420,556	5,305,940	(4,885,384)
Total expenditures	15,003,819	14,985,218	14,114,278	870,940
Excess (deficit) of revenues over (under) expenditures	(1,731,628)	(1,045,432)	(5,630,406)	(4,584,974)
Other financing sources (uses)				
Debt proceeds	-	-	20,811	20,811
Transfers from (to) other funds	1,731,628	1,045,432	(101,985)	(1,147,417)
Total other financing sources (uses)	1,731,628	1,045,432	(81,174)	(1,126,606)
Net change in fund balance	\$ -	\$ -	\$ (5,711,580)	\$ (5,711,580)

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 intragovernmental 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.

See independent auditor's report

City of Springfield, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Community Redevelopment
Year Ended September 30, 2024

<i>For the year ended September 30, 2024</i>	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
Revenues				
Tax increment funds	\$ -	\$ -	\$ 205,116	\$ 205,116
Total revenues	-	-	205,116	205,116
Expenditures				
Current				
Economic environment	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	205,116	205,116
Net change in fund balance	-	-	205,116	205,116
Fund balance, beginning of year	126,786	341,615	135,432	(206,183)
Fund balance, end of year	\$ 126,786	\$ 341,615	\$ 340,548	\$ (1,067)

Notes to schedule:

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

- (8) 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.
- (9) Complete copies of the proposed budget are made available for public inspection. Public hearings are conducted to obtain taxpayers' comments.
- (10) The budget is enacted through passage of an ordinance and becomes the basis for the millage levied by the council.
- (11) 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.
- (12) 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).
- (13) Budgets are legally adopted on a basis consistent with GAAP except for transfers, debt service, and certain intragovernmental amounts.
- (14) 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.

See independent auditor's report

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

September 30,	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 169,860	\$ 246,461	\$ 1,731,777	\$ 1,208,076	\$ 747,610	\$ 802,527	\$ 869,500
Interest	136,128	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	(273,987)	-	(4,640,325)	-	(762,835)	-	-
Changes in assumptions	(510,503)	(831,807)	(1,391,253)	2,828,494	263,784	(739,975)	(837,979)
Benefits (payments) refunds	(157,085)	(146,127)	(215,010)	(200,009)	(217,958)	(182,880)	(168,166)
Total Change in OPEB liability	(635,587)	(644,481)	(9,326,297)	4,182,352	398,093	195,208	126,998
Total OPEB liability, beginning of year	2,761,604	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)	\$ 2,126,017	\$ 2,761,604	\$ 3,406,085	\$ 12,732,382	\$ 8,550,030	\$ 8,151,937	\$ 7,956,729
Plan fiduciary net position							
Contributions - employer	\$ 157,085	\$ 146,127	\$ 215,010	\$ 200,009	\$ 217,958	\$ 182,880	\$ 168,166
Contributions - employee	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-
Benefits payments/refunds	(157,085)	(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)	\$ 2,126,017	\$ 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%	0%
Covered-employee payroll	\$ 4,060,856	\$ 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	52%	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.

See independent auditor's report

City of Springfield, Florida
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)

Florida Retirement System	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.0156279%	0.0154363%	0.0143692%	0.0127012%	0.0135115%	0.0141084%	0.0131160%	0.0118032%	0.0109979%	0.0100745%
City's proportionate share of the net pension liability (asset)	\$ 6,045,588	\$ 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
City's covered payroll (2)	\$ 4,678,019	\$ 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
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	129.23%	134.59%	135.85%	28.86%	183.89%	153.42%	133.52%	132.06%	112.50%	57.25%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.0109945%	0.0114060%	0.0107862%	0.0093904%	0.0090128%	0.0094691%	0.0090550%	0.0082968%	0.0079961%	0.0074845%
City's proportionate share of the net pension liability (asset)	\$ 1,649,289	\$ 1,811,419	\$ 1,142,431	\$ 1,151,879	\$ 1,100,454	\$ 1,059,498	\$ 958,387	\$ 887,129	\$ 931,913	\$ 763,301
City's covered payroll (2)	\$ 4,678,019	\$ 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
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.26%	39.64%	29.03%	34.65%	34.56%	33.46%	32.39%	33.55%	37.75%	33.58%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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.

See independent auditor's report

City of Springfield, Florida
Schedule of the City's Contributions
Last Ten Fiscal Years

Florida Retirement System	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially required contribution	\$ 903,968	\$ 745,643	\$ 659,732	\$ 498,513	\$ 446,050	\$ 455,038	\$ 392,854	\$ 319,764	\$ 284,439	\$ 252,308
Contributions in relation to the actuarially required contribution	(903,968)	(745,643)	(659,732)	(498,513)	(446,050)	(455,038)	(392,854)	(319,764)	(284,439)	(252,308)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll (1)	\$ 4,737,306	\$ 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
Contributions as a percentage of covered payroll	19.08%	16.70%	15.77%	14.92%	14.04%	14.09%	12.97%	11.84%	10.92%	10.90%
Health Insurance Subsidy Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially required contribution	\$ 94,306	\$ 76,668	\$ 69,054	\$ 55,658	\$ 51,619	\$ 53,624	\$ 50,287	\$ 44,814	\$ 43,237	\$ 31,315
Contributions in relation to the actuarially required contribution	(94,306)	(76,668)	(69,054)	(55,658)	(51,619)	(53,624)	(50,287)	(44,814)	(43,237)	(31,315)
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll (1)	\$ 4,737,306	\$ 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
Contributions as a percentage of covered payroll	1.99%	1.72%	1.65%	1.67%	1.63%	1.66%	1.66%	1.66%	1.66%	1.35%

Notes to schedule:

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

See independent auditor's report

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 the City of Springfield, Florida (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon September 26, 2025.

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 2024-001 through 2024-006 and 2024-011 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 2024-007 through 2024-010 to be significant deficiencies.

Report on Compliance and Other Matters

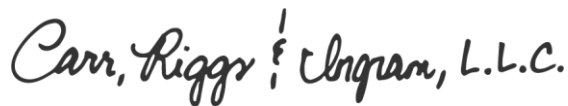
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-009, 2024-010, and 2024-011.

City's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, LLC
Panama City Beach, Florida
September 26, 2025



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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, 2024. 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 types of 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, 2024.

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

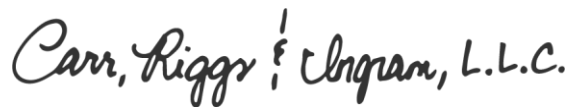
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish at the end.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
September 26, 2025

City of Springfield, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
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	\$ 57,050	\$ -
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant--M0097	48,228	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant --M0127	47,749	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grants--M0025	565	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			153,592	-
Total Department of Housing and Urban Development			153,592	-
United States Environmental Protection Agency				
Passed through Florida Department of Environmental Protection Clean Water State Revolving Fund				
		Clean Water State Revolving Fund Construction		
Clean Water State Revolving Fund	66.458	Loan Agreement--WW030532	1,766,036	-
Total Clean Water State Revolving Fund			1,766,036	-

(Continued)

City of Springfield, Florida
Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2024

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Passed through Florida Department of Environmental Protection (continued)				
Drinking Water State Revolving Fund				
		Drinking Water State Revolving Fund		
Drinking Water State Revolving Fund	66.468	Construction loan Agreement--DW030513	\$ 2,119,507	\$ -
Total Drinking Water State Revolving Fund			2,119,507	-
Total United States Environmental Protection Agency			3,885,543	-
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)				
		COVID-19 American Rescue Plan Act - ARPA		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)	21.027	CSLFRF--Y5296	\$ 803,284	\$ -
Total Department of the Treasury			803,284	-
Department of Homeland Security				
Passed through Florida Division of Emergency				
Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)	97.036	DR 4399 Federal Disaster--Z0855	15,423	-
Hazard Mitigation Grant				
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0685	171,150	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0726	143,247	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0700	144,683	
Hazard Mitigation Grant			459,080	-
Total Department of Homeland Security			474,503	-
Total Expenditures of Federal Awards			\$ 5,316,922	\$ -

City of Springfield, Florida
Notes to Schedule of Expenditures of Federal Awards

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, 2024.

Note 2: INDIRECT COST RATE

The Organization has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

The City of Springfield was awarded a loan of \$10,712,849 in March 2023, 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 CW030532. As of September 30, 2024, the City had accrued related expenses of \$1,829,062 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 August 2026.

The City of Springfield was awarded a loan of \$7,529,254 in May 2023, 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, 2024, the City had accrued related expenses of \$2,191,283 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 August 2026.

Note 4: 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, 2024

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 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

<u>ALN Number</u>	<u>Name of federal program</u>
66.458	Clean Water State Revolving Fund
	Drinking Water State
66.468	Revolving Fund
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

(Continued)

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

Section II – Financial Statement Findings

2024-001 Audit Adjusting Entries (prior years 2023-001 and 2022-001) (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.

2024-002 Schedule of Expenditures of Federal Awards Preparation (prior years 2023-002 and 2022-002) (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.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

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.

2024-003 Bank Reconciliations (prior years 2023-003 and 2022-003) (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 has been implemented at this time.

2024-004 Account Balances with Subsidiary Ledgers (prior years 2023-004 and 2022-004) (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.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

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 has 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 related to accounts payable and bank reconciliations but still need to implement similar procedures related to accounts receivable, customer deposits, and certain other balances like payroll liabilities. The City has also assigned an appropriate level of management to provide and document oversight for procedures already put in place. The City is still working on the accuracy of certain reconciliations.

2024-005 Month-end Closing (prior years 2023-005 and 2022-005) (initially reported in 2010)

Condition: A month-end closing checklist was implemented during fiscal year 2024 intended to improve the review of account balances and ensure accurate financial information is available for management review. However, it was noted the checklist does not consider all significant balances (e.g. receivables, customer deposits, and accounts payable were excluded). Also, while the checklists documented procedures and evidence of completion, multiple material errors were noted in items specifically identified as being considered for on the checklist indicating that the current month-end close process is not operating effectively. The existing controls are not sufficient to detect or prevent significant misstatements, and the checklist is not being used in a manner that ensures a thorough and accurate review of financial information.

Criteria: Effective 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.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

Effect: Without materially correct 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 an effective formal month-end closing process.

Recommendation: We recommend the City review and update as needed the month-end closing process in use currently to review month end balances and the preparation of appropriate monthly financial statements. We also recommend the City verify the accuracy of the information prior to identification of completion of the checklist items.

Views of Responsible Officials and Planned Corrective Action: We will review the checklist in use currently for items that may need to still be considered as well as consider how to use the checklist effectively and accurately to prepare appropriate monthly financial statements. The City has been working on procedures associated with bank reconciliations and accounts payable first and then will work on accounts receivable, customer deposits, and other balances.

2024-006 Activity Classification Review (initially reported in 2024)

Condition: During the audit of financial transactions for fiscal year 2024, we noted numerous instances where revenues and expenditures were misclassified. These included transactions posted to inappropriate general ledger accounts based on their nature and netting of revenues and expenditures within single transactions or journal entries, thereby reducing the visibility and transparency of financial activity. These errors occurred across multiple funds/departments and were not always corrected through subsequent adjusting entries by the City. The City also inappropriately recorded the City's law enforcement holding activity resulting in inappropriate balances being reported. The City also inadvertently reported cash for the storm water in a different fund from the revenue activity due to an inappropriate setup of the activity.

Criteria: GAAP requires that revenues and expenditures be recorded in the proper accounts and not netted against each other, in order to provide a clear and accurate presentation of financial position and activity. Furthermore, the State of Florida's Uniform Chart of Accounts provides guidance for proper classification and reporting of transactions in governmental financial statements.

Effect: Improper classification and netting of transactions compromise the accuracy and transparency of financial reporting. These issues could result in misstated financial statements, impaired budgetary oversight, and potential noncompliance with grant or statutory reporting requirements. Inaccurate financial reporting also affects decision-making by management and governing bodies.

Cause: The misclassifications appear to stem from a lack of detailed review during transaction entry, insufficient training of finance staff, and inadequate oversight or reconciliations to detect and correct classification errors in a timely manner. The City also has a limited number of staff which does not always allow for adequate segregation of incompatible duties.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

Recommendation: We recommend the implementation of enhanced internal controls over transaction coding and review to verify revenues and expenditures be recorded gross (not netted), unless otherwise specifically permitted by accounting standards, in appropriate accounts. This should include additional staff training related to proper classification and improved supervision of reviews and reconciliations of account activity to identify and correct misclassifications in a timely manner.

Views of Responsible Officials and Planned Corrective Action: We will establish procedures to review financial statements on a monthly basis and provide additional training to staff as considered appropriate.

2024-007 Segregation of Duties (prior years 2023-006 and 2022-006) (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 cross 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 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.

2024-008 Collection and Write-off Policies and Procedures (prior years 2023-007 and 2022-008) (initially reported in 2020)

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

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.

2024-009 Final Budget Not Approved Within the Allowed Time Period Per Florida Statutes (initially reported in 2024)

Condition: The City's final budget was amended in February 2025, which is after the allowable period per Florida Statutes.

Criteria: The City violated provisions of the Florida Statutes by amending the 2024 budget after the first 60 days of the current year end.

Effect: The City was not in compliance with State laws.

Cause: The City prepared a budget amendment after year end but did not take into consideration year-end adjustments to be made.

Recommendation: We recommend routine review of budget variances and amendments to the budget as needed and timely adjustment being made at year-end in accordance with State law.

Views of Responsible Officials and Planned Corrective Action: The City is continuing to make efforts to work towards staying within our budget and when not able to do so, we will review and amend the budget as required in accordance with Florida Statute.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

2024-010 Timely Reporting Requirements for Grants (initially reported in 2024)

Condition: The City has not timely filed the annual audit reporting package and data collection form with the Federal Audit Clearinghouse for the current year.

Criteria: As the City meets the threshold for a single audit, it is required to submit a single audit reporting package and data collection form to the Federal Audit Clearinghouse by the due date. To be timely filed, the audit package and the data collection form must be submitted within thirty days after receipt of the auditor's reports or within nine months after the end of the fiscal year, whichever comes first.

Effect: The City could lose grant funding for not complying with applicable requirements.

Cause: The City did not complete their audit prior to the required deadline due to staffing shortages and a significant number of corrections needed to the financial statements delaying the audit process.

Recommendation: The City should engage and begin the audit in a timely fashion and monitor the process of the audit to ensure it is completed in a timeframe that will allow for the timely submission of the annual audit reporting package and data collection form to the Federal Audit Clearinghouse.

Views of Responsible Officials and Planned Corrective Action: We will do as recommended and strive to begin the audit earlier as well as work to limit the number of audit adjustments required to be in compliance with GAAP.

2024-011 Failure to Timely Transfer Tax Increment Revenues to CRA Redevelopment Trust Fund – City Allocation (initially reported in 2024)

Condition: During our review of tax increment financing (TIF) contributions to the Community Redevelopment Agency (CRA) for the current year and the preceding two years, we noted that while the required annual contributions in accordance with Florida Statutes § 163.387(2)(a) from the County were appropriately transferred to the CRA's redevelopment trust fund, the City did not calculate and transfer its statutorily required portion of the tax increment to the CRA. No City contribution was recorded for fiscal years 2022 through 2024 as required by law.

Criteria: Florida Statute § 163.387(2)(a) requires each taxing authority within the community redevelopment area to annually appropriate and transfer its proportionate share of the tax increment to the CRA redevelopment trust fund no later than January 1 of each year.

Effect: The City's noncompliance resulted in the underfunding of the CRA's redevelopment trust fund by an estimated total of \$291,027 over the three-year period.

Cause: The failure appears to result from a lack of understanding by the City who is responsible for the CRA.

Recommendation: We recommend the City promptly calculate and transfer the missed contributions, including any applicable penalties and interest if necessary, into the CRA redevelopment trust fund. We

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

recommend the City obtain additional training related TIF reporting and calculations and then implement controls in the future to ensure future compliance with Florida Statute §163.387.

View of Responsible Officials and Planned Corrective Action: The City was unaware that we were considered a taxing authority within the redevelopment area as the CRA was created prior to the City becoming a taxing authority and the CRA has only recently had a positive tax increment to start collection of funds. The City will do as recommended.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported for the year ended September 30, 2024.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2024

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
2023-001/ 2024-001	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.
2023-002/ 2024-002	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.
2023-003/ 2024-003	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.
2023-004/ 2024-004	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.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2024

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2023-005/ 2024-005	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 effective close out process.
2023-006/ 2024-007	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.
2023-007/ 2024-008	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.	Partially Corrected	The City has implemented a more consistent process related to collections and write-offs started during fiscal year 2024 and ongoing into fiscal year 2025. However, the process is not formally documented.



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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, 2024, and have issued our report thereon dated September 26, 2025.

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 September 26, 2025, 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 in the table below.

Prior Year Findings and Recommendations

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2022-23 FY Finding #	2021-22 FY Finding #
2024-001	2023-001	2022-001
2024-002	2023-002	2022-002
2024-003	2023-003	2022-003
2024-004	2023-004	2022-004
2024-005	2023-005	2022-005
2024-007	2023-006	2022-006
2024-008	2023-007	2022-008

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*.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City's management represented that the PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City of Springfield, Florida geographical boundaries during the fiscal year under audit.

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

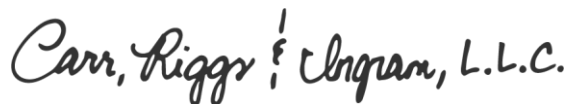
The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Community Redevelopment Agency of the City of Springfield (the CRA) have been reported in the separately-issued financial statements of the CRA.

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
September 26, 2025



CARR, RIGGS & INGRAM, L.L.C.

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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, 2024. 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, 2024.

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
September 26, 2025

CITY OF SPRINGFIELD

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Ralph Hammond, Mayor

COMMISSIONERS:

Jack Griffis

Richard Chval

Jackie Kennington

Cindy Hamre

Corrective Action Plan September 30, 2024

2024-001 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

2024-002 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

2024-003 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 has been implemented at this time.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

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Ralph Hammond, Mayor

COMMISSIONERS:

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2024-004 Account Balances with Subsidiary Ledgers

Views of Responsible Officials and Planned Corrective Action: The City has 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 related to accounts payable and bank reconciliations but still need to implement similar procedures related to accounts receivable, customer deposits, and certain other balances like payroll liabilities. The City has also assigned an appropriate level of management to provide and document oversight for procedures already put in place. The City is still working on the accuracy of certain reconciliations.

Anticipated Completion Date: December 31, 2025

Responsible Contact Person: Beth Strobel

2024-005 Month-end Closing

Views of Responsible Officials and Planned Corrective Action: We will review the checklist in use currently for items that may need to still be considered as well as consider how to use the checklist effectively and accurately to prepare appropriate monthly financial statements. The City has been working on procedures associated with bank reconciliations and accounts payable first and then will work on accounts receivable, customer deposits, and other balances.

Anticipated Completion Date: December 31, 2025

Responsible Contact Person: Beth Strobel

2024-006 Activity Classification Review

Views of Responsible Officials and Planned Corrective Action: We will establish procedures to review financial statements on a monthly basis and provide additional training to staff as considered appropriate.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

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2024-007 Segregation 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

2024-008 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: October 31, 2025

Responsible Contact Person: Beth Strobel

2024-009 Final Budget Not Approved Within the Allowed Time Period Per Florida Statutes

Views of Responsible Officials and Planned Corrective Action: The City is continuing to make efforts to work towards staying within our budget and when not able to do so, we will review and amend the budget as required in accordance with Florida Statute.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

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Cindy Hamre

2024-010 Timely Reporting Requirements for Grants

Views of Responsible Officials and Planned Corrective Action: We will do as recommended and strive to begin the audit earlier as well as work to limit the number of audit adjustments required to be in compliance with GAAP.

Anticipated Completion Date: December 31, 2025

Responsible Contact Person: Beth Strobel

2024-011 Failure to Timely Transfer Tax Increment Revenues to CRA Redevelopment Trust Fund – City Allocation

View of Responsible Officials and Planned Corrective Action: The City was unaware that we were considered a taxing authority within the redevelopment area as the CRA was created prior to the City becoming a taxing authority and the CRA has only recently had a positive tax increment to start collection of funds. The City will do as recommended.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel