



City of Springfield, Florida

Financial Statements

September 30, 2020





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INDEPENDENT AUDITORS' REPORT

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

We were engaged to audit 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, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis for Disclaimer of Opinions

Reconciliations of the pooled cash account contained unreconciled differences, and the City was unable to provide evidence that all bank activity for the year had been appropriately recorded, affecting all funds and activities. The City was not able to provide sufficient audit evidence for the balances of the proprietary fund accounts receivable or customer deposits liability. The underlying subsidiary ledgers for customer deposits did not agree to the balances on the general ledger. The City had errors in salaries reported to the pension plan during the year which affected total contributions due to the plan which affects the City's allocation of the State's net pension liability and related deferred inflows and outflows of resources. Uncorrected errors remain related to general ledger balances brought forward during the software conversion in a prior year as well as uncertainty related to how the new software processes certain transactions. As a result, revenues and expenditures/expenses, as well as year-end balances, could not be sufficiently substantiated. The City's records are not sufficient to allow the application of compensating auditing procedures.

Disclaimer of Opinions

Because of the significance of the matters described in the Basis for Disclaimer of Opinions paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for our audit opinions. Accordingly, we do not express opinions on the financial statements referred to in the first paragraph.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10, schedule of revenues, expenditures, and changes in fund balance budget and actual – general fund on pages 65 and 66, schedules of other postemployment benefits on pages 67 and 68, and schedules of defined benefit pension plans on pages 69 through 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matters described in the Basis for Disclaimer of Opinions paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the schedule of expenditures of federal awards and state financial assistance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting and compliance.

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

Certified Public Accountants
Panama City Beach, Florida
June 25, 2021

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, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- Total liabilities and deferred inflows of resources of the City exceeded total assets and deferred outflows of resources by \$7,230,303 (net position). Of this amount, \$(16,169,161) is a deficit in unrestricted net position of the governmental activities and \$6,444,942 is unrestricted net position of the business-type activities. \$394,824 of net position is restricted for business-type activities and \$514,402 is restricted for governmental activities.
- Total net position increased by \$9,119,719 during fiscal year 2020. Of this amount, an increase of \$8,339,448 is attributable to governmental activities, and an increase of \$780,271 is attributable to business-type activities.
- As of September 30, 2020, the general fund's unassigned fund balance was \$2,912,744.
- Governmental activities' revenues increased by \$11,612,048 or 149%, while governmental activities' expenses decreased by 50% or \$11,034,067. Business-type activities' revenues increased by \$2,587,502 or 76%, while business-type activities' expenses decreased by 5% or \$278,059.

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 information.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the City to account for revenues that are restricted to certain uses, or to comply with legal requirements. The two major categories of funds found in the City's *fund financial statements* include: governmental funds and proprietary funds.

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

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

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

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

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

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City for the fiscal years ended September 30, 2020 and 2019. At the end of fiscal year 2020, 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 2020 and 2019.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<i>September 30,</i>						
Current and other assets	\$ 9,108,117	\$ 2,724,447	\$ 9,643,589	\$ 8,971,494	\$ 18,751,706	\$ 11,695,941
Capital assets	6,862,040	7,147,035	19,470,348	16,697,805	26,332,388	23,844,840
Total assets	15,970,157	9,871,482	29,113,937	25,669,299	45,084,094	35,540,781
Deferred outflows of resources	2,622,202	2,454,974	200,226	170,284	2,822,428	2,625,258
Current liabilities	5,729,602	9,431,729	1,990,606	1,926,217	7,720,208	11,357,946
Noncurrent liabilities	21,103,639	19,933,891	10,908,446	8,367,649	32,012,085	28,301,540
Total liabilities	26,833,241	29,365,620	12,899,052	10,293,866	39,732,293	39,659,486
Deferred inflows of resources	831,837	373,003	112,089	22,966	943,926	395,969
Net position						
Net investment in capital assets	6,582,040	6,727,035	9,463,256	9,680,368	16,045,296	16,407,403
Restricted	514,402	29,489	394,824	1,397,953	909,226	1,427,442
Unrestricted (deficit)	(16,169,161)	(24,168,691)	6,444,942	4,444,430	(9,724,219)	(19,724,261)
Total net position (deficit)	\$ (9,072,719)	\$ (17,412,167)	\$ 16,303,022	\$ 15,522,751	\$ 7,230,303	\$ (1,889,416)

At September 30, 2020, net investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the majority of the City's net position. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. It should be noted, that although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net position* is subject to external restrictions, and thus is limited as to how it may be used. The balance of the total unrestricted net position is a deficit of \$9,724,219 at September 30, 2020.

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	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 967,549	\$ 958,048	\$ 5,319,595	\$ 3,486,100	\$ 6,287,144	\$ 4,444,148
Operating grants/ contributions	13,157,816	2,356,787	465,498	-	13,623,314	2,356,787
Capital grants/ contributions	84,233	52,643	9,729	10,772	93,962	63,415
General revenues						
Gross receipts taxes	3,255,404	3,386,444	-	-	3,255,404	3,386,444
Franchise fees	452,925	412,298	-	-	452,925	412,298
State shared revenues	527,945	531,936	-	-	527,945	531,936
Impact fees	-	-	98,475	20,567	98,475	20,567
Other	944,763	81,636	69,744	38,161	1,014,507	119,797
Gain (loss) on disposal of assets	1,205	-	23,150	(156,911)	24,355	(156,911)
Total revenues	19,391,840	7,779,792	5,986,191	3,398,689	25,378,031	11,178,481
Expenses						
General government	4,183,978	15,708,023	-	-	4,183,978	15,708,023
Public safety	5,189,261	4,546,582	-	-	5,189,261	4,546,582
Highways and streets	1,011,497	1,040,141	-	-	1,011,497	1,040,141
Maintenance	235,584	211,761	-	-	235,584	211,761
Culture and recreation	323,713	409,764	-	-	323,713	409,764
Community redevelopment	-	175	-	-	-	175
Interest on long-term debt	108,359	170,013	-	-	108,359	170,013
Water	-	-	1,834,157	1,824,946	1,834,157	1,824,946
Sewer	-	-	2,302,439	2,584,176	2,302,439	2,584,176
Sanitation	-	-	1,069,324	1,074,857	1,069,324	1,074,857
Total expenses	11,052,392	22,086,459	5,205,920	5,483,979	16,258,312	27,570,438
Change in net position before transfers and extraordinary item						
	8,339,448	(14,306,667)	780,271	(2,085,290)	9,119,719	(16,391,957)
Transfers	-	(846,250)	-	846,250	-	-

(Continued)

<i>Year Ended September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Change in net position						
before extraordinary item	\$ 8,339,448	\$ (15,152,917)	\$ 780,271	\$ (1,239,040)	\$ 9,119,719	\$ (16,391,957)
Extraordinary item	-	2,966,505	-	-	-	2,966,505
Change in net position	8,339,448	(12,186,412)	780,271	(1,239,040)	9,119,719	(13,425,452)
Net position (deficit)						
- beginning	(17,412,167)	(5,225,755)	15,522,751	16,761,791	(1,889,416)	11,536,036
Net position (deficit) - ending	\$ (9,072,719)	\$ (17,412,167)	\$ 16,303,022	\$ 15,522,751	\$ 7,230,303	\$ (1,889,416)

For the year ended September 30, 2020, governmental activities' revenues exceeded expenses by \$8,339,448, while business-type activities' revenues exceeded expenses by \$780,271. Total revenues increased \$14,199,550 from the previous year mainly due to an increase in utility charges for services and grant revenues. Total expenses decreased \$11,312,126 from the previous year mainly due to a decrease in expenses related to Hurricane Michael for debris removal which were charged to general government in the prior year. 19% of the revenues for governmental activities were generated by gross receipts, franchise and utility taxes and 68% were generated by operating and capital grants and contributions. Most of the governmental resources were expended for general government (38%), public safety (47%), and highways and streets (9%). Charges for services provided substantially all of the revenues (89%) for business-type activities. Sewer expenses consumed the majority (44%) of business-type activities, followed by water expenses (35%).

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, 2020, total assets were \$10,222,102 and total liabilities were \$6,697,314. At the end of fiscal year 2020, unassigned fund balance of the general fund was \$2,912,744 while the total fund balance was \$3,524,788.

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, 2020 and 2019 are presented below:

<i>September 30,</i>	2020	2019
Water	\$ (2,127,301)	\$ (2,439,698)
Sewer	7,812,547	6,117,044
Sanitation	759,696	767,084
Total	\$ 6,444,942	\$ 4,444,430

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, 2020, was \$26,332,388 (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 3 of the notes to financial statements.

	Governmental Activities		Business-type Activities		Total	
<i>September 30,</i>	2020	2019	2020	2019	2020	2019
Land	\$ 1,581,328	\$ 1,581,328	\$ 379,900	\$ 379,900	\$ 1,961,228	\$ 1,961,228
Construction in progress	19,180	25,650	4,408,027	946,726	4,427,207	972,376
Buildings	365,762	310,732	108,685	105,204	474,447	415,936
Improvements/ distribution system	1,969,316	2,047,589	13,795,250	14,362,382	15,764,566	16,409,971
Machinery and equipment	1,791,074	1,952,289	778,486	903,593	2,569,560	2,855,882
Streets	1,135,380	1,229,447	-	-	1,135,380	1,229,447
Total	\$ 6,862,040	\$ 7,147,035	\$ 19,470,348	\$ 16,697,805	\$ 26,332,388	\$ 23,844,840

Debt Management

At the end of fiscal year 2020, the City had total outstanding debt in the amount of \$17,294,994. This debt balance represents notes payable secured by specified revenue sources and obligations under capital leases.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
<i>September 30,</i>	2020	2019	2020	2019	2020	2019
Obligations under capital leases	\$ -	\$ -	\$ 1,163,571	\$ 1,284,187	\$ 1,163,571	\$ 1,284,187
Notes payable	7,280,000	7,420,000	8,851,423	6,154,372	16,131,423	13,574,372
Total	\$ 7,280,000	\$ 7,420,000	\$ 10,014,994	\$ 7,438,559	\$ 17,294,994	\$ 14,858,559

Principal repayments during the year on notes payable totaled \$618,730 and on obligations under capital leases totaled \$120,616.

More detail on the City's liabilities is presented in note 3 of the notes to financial statements.

General Fund Budgetary Highlights

The general fund final actual revenues, including other financing sources, exceeded budgeted revenues by \$12,196,563 which was primarily due to the City not budgeting for grant revenues. The general fund actual expenditures were more than the final budgeted expenditures by \$2,151,524 due to not budgeting for costs related to Hurricane Michael.

Economic Factors and Next Year's Budget

The next year's budget includes an overall increase in most departmental budgets. The City did not increase the millage rate for property taxes but did approve a 5% increase in sewer rates and a 3% increase in sanitation rates effective October 1, 2020 to offset increasing costs in those funds.

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.

The original budget was prepared during a period of economic downturn due to the pandemic caused by Covid-19 but was not modified significantly as the extent of the effect of Covid-19 on the economic conditions of the area was not known.

Contacting the City's Finance Department

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

City of Springfield, Florida
Statement of Net Position
September 30, 2020

Primary Government			
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,642,135	\$ 1,398,031	\$ 4,040,166
Accounts receivable, net	102,244	471,781	574,025
Prepays	115,551	-	115,551
Internal balances	(2,165,944)	2,165,944	-
Due from other governments	6,218,690	204,398	6,423,088
Due from joint venture	-	857,511	857,511
Restricted assets			
Cash and cash equivalents			
Customer deposits	-	736,803	736,803
Impact fees	-	394,824	394,824
Held in escrow	-	7,902	7,902
Other	29,497	-	29,497
Investment in joint venture	-	3,406,395	3,406,395
Capital assets			
Nondepreciable	1,600,508	4,787,927	6,388,435
Depreciable, net	5,261,532	14,682,421	19,943,953
Total assets	13,804,213	29,113,937	42,918,150
Deferred outflows of resources			
Deferred outflows - pension	2,239,149	137,868	2,377,017
Deferred outflows - other postemployment benefits	383,053	62,358	445,411
Total deferred outflows of resources	2,622,202	200,226	2,822,428
Liabilities			
Current liabilities			
Accounts payable	2,478,669	398,721	2,877,390
Accrued interest	13,935	100,206	114,141
Accrued payroll liabilities	262,224	-	262,224
Deferred revenues	649,420	-	649,420
Customer deposits	9,163	777,648	786,811

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Net Position (Continued)
September 30, 2020

Primary Government			
	Governmental Activities	Business-type Activities	Total
Long-term liabilities			
Due within one year			
Accrued compensated absences	\$ 10,247	\$ 976	\$ 11,223
Notes payable	140,000	587,436	727,436
Obligations under capital leases	-	125,619	125,619
Due in more than one year			
Accrued compensated absences	58,067	5,532	63,599
Notes payable	7,140,000	8,263,987	15,403,987
Obligations under capital leases	-	1,037,952	1,037,952
Net pension liability	6,553,038	403,479	6,956,517
Other postemployment benefits liability	7,352,534	1,197,496	8,550,030
Total liabilities	24,667,297	12,899,052	37,566,349
Deferred inflows of resources			
Deferred inflows - pension	230,470	14,191	244,661
Deferred inflows - other postemployment benefits	601,367	97,898	699,265
Total deferred inflows of resources	831,837	112,089	943,926
Net position			
Net investment in capital assets	6,582,040	9,463,256	16,045,296
Restricted	514,402	394,824	909,226
Unrestricted (deficit)	(16,169,161)	6,444,942	(9,724,219)
Total net position (deficit)	\$ (9,072,719)	\$ 16,303,022	\$ 7,230,303

See accompanying notes

City of Springfield, Florida
Statement of Activities
Year Ended September 30, 2020

	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government							
Governmental activities							
General government	\$ 4,183,978	\$ 141,650	\$ 13,157,816	\$ 69,136	\$ 9,184,624	\$ -	\$ 9,184,624
Public safety	5,189,261	493,699	-	-	(4,695,562)	-	(4,695,562)
Highways and streets	1,011,497	-	-	15,097	(996,400)	-	(996,400)
Maintenance	235,584	-	-	-	(235,584)	-	(235,584)
Culture and recreation	323,713	332,200	-	-	8,487	-	8,487
Interest on long-term debt	108,359	-	-	-	(108,359)	-	(108,359)
Total governmental activities	11,052,392	967,549	13,157,816	84,233	3,157,206	-	3,157,206
Business-type activities							
Water	1,834,157	1,382,881	-	9,729	-	(441,547)	(441,547)
Sewer	2,302,439	2,879,506	465,498	-	-	1,042,565	1,042,565
Sanitation	1,069,324	1,057,208	-	-	-	(12,116)	(12,116)
Total business-type activities	5,205,920	5,319,595	465,498	9,729	-	588,902	588,902
Total primary government	\$ 16,258,312	\$ 6,287,144	\$ 13,623,314	\$ 93,962	3,157,206	588,902	3,746,108

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Activities (Continued)
Year Ended September 30, 2020

**Net (Expenses)/Revenues and Changes
in Net Position
Primary Government**

	Governmental Activities	Business-type Activities	Total
General revenues			
Taxes			
Ad valorem taxes	\$ 600,353	\$ -	\$ 600,353
Utility taxes	569,957	-	569,957
Local option gas tax	191,726	-	191,726
Communications services tax	142,452	-	142,452
Half-cent sales tax	1,733,893	-	1,733,893
Local business tax	17,023	-	17,023
Ad valorem CRA	9,346	-	9,346
State shared revenues	527,945	-	527,945
Franchise fees	452,925	-	452,925
Impact fees	-	98,475	98,475
Miscellaneous revenues	935,166	69,744	1,004,910
Interest earnings	251	-	251
Gain on disposal of assets	1,205	23,150	24,355
Total general revenues	5,182,242	191,369	5,373,611
Change in net position	8,339,448	780,271	9,119,719
Net position (deficit) - beginning of year (as originally reported)	(17,828,057)	15,522,751	(2,305,306)
Prior period adjustment	415,890	-	415,890
Net position (deficit) - beginning of year (as restated)	(17,412,167)	15,522,751	(1,889,416)
Net position (deficit) - end of year	\$ (9,072,719)	\$ 16,303,022	\$ 7,230,303

See accompanying notes

City of Springfield, Florida
Balance Sheet
Governmental Funds
September 30, 2020

	General	Community Redevelopment	Total
Assets			
Cash and cash equivalents	\$ 2,642,135	\$ -	\$ 2,642,135
Accounts receivable, net	102,244	-	102,244
Due from other funds	1,123,248	8,646	1,131,894
Due from other governments	6,218,690	-	6,218,690
Prepays	115,551	-	115,551
Restricted assets - cash and cash equivalents	20,234	9,263	29,497
Total assets	\$ 10,222,102	\$ 17,909	10,240,011
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 2,478,669	\$ -	2,478,669
Accrued payroll liabilities	262,224	-	262,224
Customer deposits	9,163	-	9,163
Unearned revenue	649,420	-	649,420
Due to other funds	3,297,838	-	3,297,838
Total liabilities	6,697,314	-	6,697,314
Fund balances			
Nonspendable			
Prepays	115,551	-	115,551
Restricted			
Law enforcement education	20,234	-	20,234
Community redevelopment fund	-	17,909	17,909
Infrastructure tax	476,259	-	476,259
Unassigned	2,912,744	-	2,912,744
Total fund balance	3,524,788	17,909	3,542,697
Total liabilities and fund balances	\$ 10,222,102	\$ 17,909	
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.			6,862,040
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.			(21,267,821)
Deferred outflows and inflows of resources are not financial resources or liabilities and therefore are not reported in the funds.			1,790,365
Net position (deficit) of governmental activities			\$ (9,072,719)

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2020

	General	Community Redevelopment	Total
Revenues			
Taxes			
Ad valorem taxes	\$ 600,353	\$ -	\$ 600,353
Utility taxes	569,957	-	569,957
Local option gas tax	191,726	-	191,726
Communications services tax	142,452	-	142,452
Half-cent sales tax	1,733,893	-	1,733,893
Local business tax	17,023	-	17,023
Property taxes	-	9,346	9,346
Intergovernmental	669,465	-	669,465
Licenses and permits	499,016	-	499,016
Franchise fees	452,925	-	452,925
Charges for services	90,441	-	90,441
Fines and forfeitures	47,090	-	47,090
Rents	332,200	-	332,200
Interest	251	-	251
Grants	13,085,432	-	13,085,432
Contributions and donations	16,078	-	16,078
Other fees and miscellaneous	63,786	-	63,786
Total revenues	18,512,088	9,346	18,521,434
Expenditures			
Current			
General government	3,912,449	-	3,912,449
Public safety	3,794,424	-	3,794,424
Highways and streets	660,845	-	660,845
Maintenance	188,918	-	188,918
Culture and recreation	250,170	-	250,170
Debt service			
Principal	140,000	-	140,000
Interest and fiscal charges	137,885	-	137,885
Capital outlay			
General government	24,954	-	24,954
Public safety	111,555	-	111,555
Highways and streets	94,800	-	94,800
Maintenance	21,645	-	21,645
Culture and recreation	5,405	-	5,405
Total expenditures	9,343,050	-	9,343,050
Excess of revenues over expenditures	9,169,038	9,346	9,178,384

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenditures, and
Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2020

	General	Community Redevelopment	Total
Other financing sources			
Insurance proceeds	\$ 876,001	\$ -	\$ 876,001
Total other financing sources (uses)	876,001	-	876,001
Net change in fund balances	10,045,039	9,346	10,054,385
Fund balance (deficit) beginning	(6,520,251)	8,563	(6,511,688)
Fund balance - ending	\$ 3,524,788	\$ 17,909	\$ 3,542,697

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
Year Ended September 30, 2020**

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

Net change in fund balances - total governmental funds (page 17)	\$ 10,054,385
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(279,400)
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to decrease net position.	(5,595)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,599,468)
The issuance of long-term debt (i.e. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	169,526
Change in net position of governmental activities (page 14)	\$ 8,339,448

See accompanying notes

City of Springfield, Florida
Statement of Net Position
Proprietary Funds
September 30, 2020

Business-type Activities/Enterprise Funds				
	Water	Sewer	Sanitation	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 300	\$ 1,261,358	\$ 136,373	\$ 1,398,031
Accounts receivable, net	113,044	253,666	105,071	471,781
Due from joint venture	-	857,511	-	857,511
Due from other governments	-	204,398	-	204,398
Due from other funds	55,842	2,968,206	519,732	3,543,780
Total current assets	169,186	5,545,139	761,176	6,475,501
Noncurrent assets				
Restricted assets - cash and cash equivalents				
Customer deposits	736,803	-	-	736,803
Impact fees	119,324	275,500	-	394,824
Held in escrow	7,902	-	-	7,902
Investment in joint venture	-	3,406,395	-	3,406,395
Capital assets				
Nondepreciable	482,829	4,177,385	127,713	4,787,927
Depreciable, net	4,472,489	10,190,934	18,998	14,682,421
Total noncurrent assets	5,819,347	18,050,214	146,711	24,016,272
Total assets	5,988,533	23,595,353	907,887	30,491,773
Deferred outflows of resources				
Deferred outflows - pension	78,442	59,426	-	137,868
Deferred outflows - other postemployment benefits	31,179	31,179	-	62,358
Total deferred outflows of resources	109,621	90,605	-	200,226
Liabilities				
Current liabilities				
Accounts payable	55,723	341,518	1,480	398,721
Accrued interest	100,167	39	-	100,206
Accrued compensated absences	441	535	-	976

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2020

Business-type Activities/Enterprise Funds				
	Water	Sewer	Sanitation	Total
Due to other funds	\$ 1,321,094	\$ 56,742	\$ -	\$ 1,377,836
Obligations under capital leases - current portion	125,619	-	-	125,619
Customer deposits	777,648	-	-	777,648
Notes payable - current portion	171,411	396,025	20,000	587,436
Total current liabilities	2,552,103	794,859	21,480	3,368,442
Noncurrent liabilities				
Accrued compensated absences	2,502	3,030	-	5,532
Obligations under capital leases - net of current portion	1,037,952	-	-	1,037,952
Notes payable - net of current portion	1,385,548	6,858,439	20,000	8,263,987
Net pension liability	229,565	173,914	-	403,479
Other postemployment benefits liability	598,748	598,748	-	1,197,496
Total noncurrent liabilities	3,254,315	7,634,131	20,000	10,908,446
Total liabilities	5,806,418	8,428,990	41,480	14,276,888
Deferred inflows of resources				
Deferred inflows - pension	8,074	6,117	-	14,191
Deferred inflows - other postemployment benefits	48,949	48,949	-	97,898
Total deferred inflows of resources	57,023	55,066	-	112,089
Net position				
Net investment in capital assets	2,242,690	7,113,855	106,711	9,463,256
Restricted - impact fees	119,324	275,500	-	394,824
Unrestricted (deficit)	(2,127,301)	7,812,547	759,696	6,444,942
Total net position	\$ 234,713	\$ 15,201,902	\$ 866,407	\$ 16,303,022

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2020

Business-type Activities/Enterprise Funds				
	Water	Sewer	Sanitation	Total
Operating revenues				
Charges for services				
Sales	\$ 1,227,529	\$ 2,790,437	\$ 1,041,134	\$ 5,059,100
Connection/reconnection fees	90,275	-	-	90,275
Penalties	21,405	52,613	16,074	90,092
Tap fees	43,672	36,456	-	80,128
Other income	32,164	32,259	5,321	69,744
Impact fees	44,377	54,098	-	98,475
Total operating revenues	1,459,422	2,965,863	1,062,529	5,487,814
Operating expenses				
Personnel services	364,528	297,615	40	662,183
Professional services	67,886	63,397	63,397	194,680
Contractual services	69,356	26,354	846,707	942,417
Insurance	106,464	106,464	10,000	222,928
Repairs and maintenance	118,159	57,025	4,146	179,330
Operating supplies	39,783	38,938	12,588	91,309
Communication services	17,936	15,281	11,661	44,878
Public utility purchases	544,670	958,753	2,105	1,505,528
Rentals	110,910	110,910	110,910	332,730
Printing and binding	1,158	-	-	1,158
Bad debt	47,902	4,038	1,332	53,272
Miscellaneous	32,378	8,723	5,031	46,132
Depreciation	218,429	502,496	1,407	722,332
Total operating expenses	1,739,559	2,189,994	1,069,324	4,998,877
Net operating income (loss)	(280,137)	775,869	(6,795)	488,937

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2020

Business-type Activities/Enterprise Funds				
	Water	Sewer	Sanitation	Total
Nonoperating revenues (expenses)				
Income from joint venture	\$ -	\$ 465,498	\$ -	\$ 465,498
Interest expense	(94,598)	(112,445)	-	(207,043)
Grants	9,729	-	-	9,729
Gain on disposal of assets	4,400	750	18,000	23,150
Total nonoperating revenues (expenses)	(80,469)	353,803	18,000	291,334
Net income (loss)	(360,606)	1,129,672	11,205	780,271
Change in net position	(360,606)	1,129,672	11,205	780,271
Net position - beginning	595,319	14,072,230	855,202	15,522,751
Net position - ending	\$ 234,713	\$ 15,201,902	\$ 866,407	\$ 16,303,022

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2020

Business-type Activities/Enterprise Funds				
	Water	Sewer	Sanitation	Total
Operating activities				
Receipts from customers and users	\$ 1,558,098	\$ 2,989,960	\$ 1,035,700	\$ 5,583,758
Payments to suppliers and others	(1,256,413)	(1,336,327)	(1,129,768)	(3,722,508)
Payments for personnel services	(278,962)	(298,239)	(40)	(577,241)
Net cash provided (used) by operating activities	22,723	1,355,394	(94,108)	1,284,009
Noncapital financing activities				
Proceeds from grants	9,729	-	-	9,729
Changes in internal balances	136,826	(740,501)	8,416	(595,259)
Net cash provided (used) by noncapital financing activities	146,555	(740,501)	8,416	(585,530)
Capital and related financing activities				
Proceeds from notes payable	-	3,167,604	-	3,167,604
Principal paid on notes payable	(53,567)	(396,985)	(20,000)	(470,552)
Interest paid on notes payable	-	(112,407)	-	(112,407)
Principal paid on obligations under capital leases	(120,616)	-	-	(120,616)
Interest paid on obligations under capital leases	(53,124)	-	-	(53,124)
Proceeds from sales of capital assets	4,400	750	18,000	23,150
Purchases of capital assets	(301,145)	(3,193,730)	-	(3,494,875)
Net cash used by capital and related financing activities	(524,052)	(534,768)	(2,000)	(1,060,820)
Net increase (decrease) in cash and cash equivalents				
	(354,774)	80,125	(87,692)	(362,341)
Cash and cash equivalents - beginning	1,219,103	1,456,733	224,065	2,899,901
Cash and cash equivalents - ending	\$ 864,329	\$ 1,536,858	\$ 136,373	\$ 2,537,560
Cash and cash equivalents classified as				
Current assets	\$ 300	\$ 1,261,358	\$ 136,373	\$ 1,398,031
Restricted assets	864,029	275,500	-	1,139,529
Total cash and cash equivalents	\$ 864,329	\$ 1,536,858	\$ 136,373	\$ 2,537,560

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2020

Business-type Activities/Enterprise Funds				
	Water	Sewer	Sanitation	Total
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities				
Net operating income (loss)	\$ (280,137)	\$ 775,869	\$ (6,795)	\$ 488,937
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities				
Depreciation	218,429	502,496	1,407	722,332
(Increase) decrease in assets				
Accounts receivable, net	(12,757)	(31,698)	(26,829)	(71,284)
Due from other governments	41,810	55,795	-	97,605
Increase in deferred outflows of resources	(14,857)	(15,085)	-	(29,942)
Increase (decrease) in liabilities				
Accounts payable	(99,811)	(27,021)	(61,891)	(188,723)
Accrued payroll liabilities	(5,878)	(6,155)	-	(12,033)
Accrued compensated absences	214	2,201	-	2,415
Net pension liability	34,264	25,958	-	60,222
Other postemployment benefits liability	27,867	27,867	-	55,734
Customer deposits	69,623	-	-	69,623
Increase in deferred inflows of resources	43,956	45,167	-	89,123
Total adjustments	302,860	579,525	(87,313)	795,072
Net cash provided (used) by operating activities	\$ 22,723	\$ 1,355,394	\$ (94,108)	\$ 1,284,009

See accompanying notes

City of Springfield, Florida Notes to Financial Statements

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.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Blended Component Units

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

Government-wide and Fund Financial Statements

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*.

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 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 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 one year of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, community redevelopment fund, special revenue funds and debt service fund. The capital projects funds are appropriated on a project-length basis. Certain special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

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.

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Excess of expenditures over appropriations

For the year ended September 30, 2020, expenditures exceeded appropriations in the general fund (the legal level of budgetary control) by \$2,151,524.

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 investments with original maturities of three months or less from the date of acquisition 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.

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)

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.

Held in escrow – Includes the balance of proceeds from a \$7,902 lease agreement which were unspent as of 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, 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)

Buildings	20-40 years
Improvements	5-40 years
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 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 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 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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

Other Postemployment Benefits Liability

For purposes of measuring the net other postemployment benefits (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 Fund Equity

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 (the total of committed, assigned, and unassigned fund balance). In

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 governing council 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 governing commission has authorized the finance director and mayor to assign fund balance. The 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

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

Each assessment roll is submitted to the executive director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mils for general operations. The City's millage rate for the year ended September 30, 2020, was 3.4650 mils.

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

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Subsequent Events

Management has evaluated subsequent events through June 25, 2021, the date that the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued Accounting Pronouncements

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 31, 2021.

In January 2020, the GASB issued statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

In May 2020, the GASB issued statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*. The primary objective of the Statement is to provide temporary relief to governments in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

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

In June 2020, the GASB issued statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements for this Statement are effective for reporting periods beginning after June 15, 2021.

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

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

When capital assets (property, leasehold improvements and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes capital assets of the City as a whole.

City of Springfield, Florida
Notes to Financial Statements

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Cost of capital assets	\$ 9,760,583
Less: accumulated depreciation	(2,898,543)
<hr/>	
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 6,862,040
<hr/>	

Long-term liabilities applicable to the City's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position. The details of this difference are as follows:

Notes payable	\$ (7,280,000)
Accrued interest	(13,935)
Other postemployment benefits liability	(7,352,534)
Net pension liability	(6,553,038)
Accrued compensated absences	(68,314)
<hr/>	
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ (21,267,821)
<hr/>	

Deferred inflows and outflows related to the net pension liabilities and other postemployment benefits liability applicable to the City's governmental activities are not reported as fund assets and liabilities. All assets and liabilities are reported in the statement of net position.

Deferred outflows of resources related to net pension liability	\$ 2,239,149
Deferred outflows of resources related to other postemployment benefits liability	383,053
Deferred inflows of resources related to net pension liability	(230,470)
Deferred inflows of resources related to other postemployment benefits liability	(601,367)
<hr/>	
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 1,790,365
<hr/>	

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One of those reconciliation elements is governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

City of Springfield, Florida
Notes to Financial Statements

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Capital outlay	\$ 258,359
Depreciation expense	(537,759)
<hr/>	
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (279,400)

Another element of the reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of this difference are as follows:

Compensated absences	\$ 12,574
Deferred outflows of resources	167,228
Deferred inflows of resources	(458,834)
Pension expense	(978,077)
Other postemployment benefits	(342,359)
<hr/>	
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (1,599,468)

Another element of that reconciliation is the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the statement of net position reports interest accrued on long-term debt, whereas only the current interest expense is reported in the general fund. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Long-term debt	
Principal payments on capital lease obligations	\$ 140,000
Accrued interest	29,526
<hr/>	
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ 169,526

Another element of that reconciliation is the net effect of miscellaneous noncash transactions involving capital assets (e.g. sales, trade-ins, adjustments, donations, and impairments) that do not effect current financial resources is not reported in the governmental funds. The details of this difference are as follows:

City of Springfield, Florida
Notes to Financial Statements

Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Net book value of capital assets sold	\$ (5,595)
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ (5,595)

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Deposits policies - All cash resources of the City are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the City's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro rata basis.

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition.

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

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, 2020, the City did not hold any deposits or investments that were considered to be a custodial credit risk.

City of Springfield, Florida
Notes to Financial Statements

Note 3: 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, 2020, 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, 2020, 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, 2020 (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, 2020, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General fund	\$ 102,244	\$ -	\$ -	\$ 102,244
Enterprise funds				
Water fund	19,144	111,378	(17,478)	113,044
Sewer fund	32,650	251,798	(30,782)	253,666
Sanitation fund	33,615	79,128	(7,672)	105,071
Total	\$ 187,653	\$ 442,304	\$ (55,932)	\$ 574,025

City of Springfield, Florida
Notes to Financial Statements

Note 3: 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, 2020.

Capital Assets

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2020:

	Restated September 30, 2019	Increases	Decreases	September 30, 2020
Capital assets not being depreciated				
Land	\$ 1,581,328	\$ -	\$ -	\$ 1,581,328
Construction in progress	25,650	19,180	(25,650)	19,180
Total capital assets not being depreciated	1,606,978	19,180	(25,650)	1,600,508
Capital assets being depreciated				
Buildings	340,660	49,384	25,650	415,694
Streets	1,551,323	-	-	1,551,323
Improvements	2,670,118	-	-	2,670,118
Intangible assets	50,571	-	-	50,571
Machinery and equipment	3,323,235	189,795	(40,661)	3,472,369
Total capital assets being depreciated	7,935,907	239,179	(15,011)	8,160,075
Less accumulated depreciation				
Buildings	29,928	20,004	-	49,932
Streets	321,876	94,067	-	415,943
Improvements	622,529	78,273	-	700,802
Intangible assets	50,571	-	-	50,571
Machinery and equipment	1,370,946	345,415	(35,066)	1,681,295
Total accumulated depreciation	2,395,850	537,759	(35,066)	2,898,543
Total capital assets being depreciated (net of accumulated depreciation)	5,540,057	(298,580)	20,055	5,261,532
Total governmental activities' capital assets (net of accumulated depreciation)	\$ 7,147,035	\$ (279,400)	\$ (5,595)	\$ 6,862,040

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

See note 10 for details for restatement of the September 30, 2019 balances due to prior period adjustment.

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2020:

	Water	Sewer	Sanitation	Total
Land	\$ 104,865	\$ 147,322	\$ 127,713	\$ 379,900
Construction in progress	377,964	4,030,063	-	4,408,027
Buildings and improvements	49,228	49,227	21,109	119,564
Distribution system	5,907,601	13,810,570	-	19,718,171
Intangible assets	41,469	41,469	41,469	124,407
Equipment and furniture	472,688	1,167,840	28,895	1,669,423
Total	6,953,815	19,246,491	219,186	26,419,492
Less accumulated depreciation				
Buildings and improvements	4,384	4,384	2,111	10,879
Distribution system	1,756,222	4,166,699	-	5,922,921
Intangible assets	41,469	41,469	41,469	124,407
Equipment and furniture	196,422	665,620	28,895	890,937
Total accumulated depreciation	1,998,497	4,878,172	72,475	6,949,144
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 4,955,318	\$ 14,368,319	\$ 146,711	\$ 19,470,348

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2020:

	September 30, 2019	Increases	Decreases	September 30, 2020
Capital assets not being depreciated				
Land	\$ 379,900	\$ -	\$ -	\$ 379,900
Construction in progress	946,726	3,461,301	-	4,408,027
Total capital assets not being depreciated	1,326,626	3,461,301	-	4,787,927

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	September 30, 2019	Increases	Decreases	September 30, 2020
Capital assets being depreciated				
Buildings and improvements	\$ 108,754	\$ 10,810	\$ -	\$ 119,564
Distribution system	19,718,171	-	-	19,718,171
Intangible assets	124,407	-	-	124,407
Machinery and equipment	1,772,989	22,764	(126,330)	1,669,423
Total capital assets being depreciated	21,724,321	33,574	(126,330)	21,631,565
Less accumulated depreciation				
Buildings and improvements	3,550	7,329	-	10,879
Distribution system	5,355,789	567,132	-	5,922,921
Intangible assets	124,407	-	-	124,407
Machinery and equipment	869,396	147,871	(126,330)	890,937
Total accumulated depreciation	6,353,142	722,332	(126,330)	6,949,144
Total capital assets being depreciated, net	15,371,179	(688,758)	-	14,682,421
Total business-type activities' capital assets (net of accumulated depreciation)	\$ 16,697,805	\$ 2,772,543	\$ -	\$ 19,470,348

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

Governmental activities	
General government	\$ 16,845
Public safety	239,384
Highways and streets	247,100
Maintenance	11,925
Culture and recreation	22,505
Total depreciation expense - governmental activities	\$ 537,759

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

Business-type activities		
Water	\$	218,429
Sewer		502,496
Sanitation		1,407
<hr/>		
Total depreciation expense - business-type activities	\$	722,332

Long-term Debt and Liabilities

Long-term debt for governmental activities is as follows:

September 30, 2020

\$800,000 Promissory note to individuals for property; principal payable annually. Minimum annual required annual payments are \$200,000 with no interest. Maturity date is November 2021. 70% of note allocated to governmental activities with the remaining 30% allocated to enterprise funds.	\$	280,000
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\$7,000,000 Hurricane Recovery Revenue Note, Series 2019 for financing and reimbursing the City for certain costs associated with Hurricane Michael response, recovery and mitigation, including debris removal and storm water system repair and/or such other capital improvements as established by the Commission of the City. The note has a variable interest rate equal to (a) 79% of LIBOR rates, plus (b) 72 basis points with interest payable semi-annually commencing July 1, 2019 with the principal paid at maturity on January 1, 2022. Interest rate in effect as of September 30, 2020 was 0.8425%.	7,000,000
Total notes payable	7,280,000
Less amounts due within one year	(140,000)
Notes payable amount due in more than one year	\$ 7,140,000

Debt service requirements to maturity on governmental activities' notes payable are summarized as follows:

Years Ending September 30,	\$800,000 Promissory Note		\$7,000,000 Recovery Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 140,000	\$ -	\$ -	\$ 142,060	\$ 140,000	\$ 142,060
2022	140,000	-	7,000,000	71,030	7,140,000	71,030
Total	\$ 280,000	\$ -	\$ 7,000,000	\$ 213,090	\$ 7,280,000	\$ 213,090

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Long-term debt from notes payable for business-type activities is as follows:

September 30, 2020

\$2,796,462 Drinking Water State Revolving Fund Loan; principal and interest payable semiannually. Minimum required semiannual loan payments are \$94,726 including interest at 2.64%. The loan is secured by a pledge of the net revenues of the water system and matures April 2029. The loan agreement was amended to allow for a suspension of payments for fiscal year 2019 due to hardships from Hurricane Michael. See (a) below.	\$ 1,508,839
\$150,000 Drinking Water State Revolving Fund Loan; principal and interest payable semiannually. Minimum required semiannual loan payments are \$2,263 after 50% loan forgiveness including interest at 1.55%. The loan is secured by a pledge of the net revenues of the water and sewer system and matures November 2029. See (b) below.	8,119
\$6,104,730 Clean Water State Revolving Fund Loan; principal payable semiannually. Minimum required semiannual loan payments after 68% loan forgiveness are \$52,093 including interest at 0.2% on \$500,000 of the loan amount and 0.0% on the remaining balance. The loan is secured by a pledge of the net revenues of the sewer system and matures September 2038. See (c) below.	1,917,952
Due to joint venture; principal and interest payable monthly based on the City's portion of the debt service. Interest rates range from 5.6% to 5.7%. Remaining principal and interest as of September 30, 2020 is \$1,572,799. Maturity date is September 2027.	1,266,451
\$6,404,835 Wastewater Treatment Facility Construction Loan; principal payable semiannually. Minimum required semiannual loan payments are \$22,063 including interest at 0.21%. The loan is secured by a pledge of the net revenues of the sewer system and matures June 2040. See (d) below.	4,030,062
\$800,000 Promissory note to individuals for property; principal payable annually. Minimum annual required annual payments are \$200,000 with no interest. Maturity date is November 2021. 70% of note allocated to governmental activities with the remaining 30% allocated to enterprise funds.	120,000
Total notes payable	8,851,423
Less amounts due within one year	(587,436)
Total notes payable due in more than one year	\$ 8,263,987

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

- (a) The State Revolving Fund Loan was issued 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 remaining principal and interest payments on this debt as of September 30, 2020 totaled \$1,705,070. No payments were made in the current year due to an amendment approved to the loan which deferred payments of the loan for all of fiscal year 2019 and 2020. Total pledged revenue was a loss of \$106,084.
- (b) The State Revolving Fund Loan was issued February 16, 2018 to finance the cost of acquisition and construction of certain capital improvements in connection with the water system. Proceeds available from the loan are \$150,000 with 50% loan forgiveness at the time of the first payment. The City has drawn on \$102,834 of available funds. The loan is secured by a pledge of 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. Gross revenues include all income and earnings of the water and sewer system operations, including investment income. The remaining principal and interest payments on this debt as of September 30, 2020 totaled \$8,758. Principal and interest paid for the year ended September 30, 2020 and total pledged revenues were \$43,161 and \$1,118,182, respectively. Principal and interest payments were 4% of the pledged revenues for the year ended September 30, 2020.
- (c) The State Revolving Fund Loan of \$5,482,635 was issued 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 \$2,073,196 of available funds after loan forgiveness of \$4,154,085, 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 remaining principal and interest payments on this debt as of September 30, 2020 totaled \$1,926,991. Principal and interest paid for the year ended September 30, 2020 and total pledged revenues were \$104,186 and \$1,224,266, respectively. Principal and interest payments were 9% of the pledged revenues for the year ended September 30, 2020.
- (d) The State Revolving Fund Loan of \$6,404,835 was issued 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 \$4,030,062 of available funds. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

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 remaining principal and interest payments on this debt as of September 30, 2020 totaled \$4,050,066. No principal and interest were paid for the year ended September 30, 2020. Total pledged revenue was \$1,224,266.

Long-term debt from capital leases for business-type activities is as follows:

\$1,400,000 Capital lease for the purchase and installation of an automated water metering system. Principal payable annually. Minimum required annual loan payments are \$173,875 including interest at 4.147%. Maturity date is September 2028.	\$	1,163,571
Total obligations under capital leases		1,163,571
Less amounts due within one year		(125,619)
Total obligations under capital leases due in more than one year	\$	1,037,952

Debt service requirements to maturity on these obligations are summarized as follows:

Years Ending September 30,	\$2,796,462 Drinking Water State Revolving Fund Loan		\$150,000 Drinking Water State Revolving Fund Loan		\$6,104,730 Clean Water State Revolving Fund Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 150,606	\$ 38,846	\$ 805	\$ 117	\$ 103,253	\$ 933
2022	154,609	34,844	812	110	103,303	883
2023	158,717	30,735	824	98	103,354	833
2024	162,935	26,517	834	85	103,404	782
2025	167,265	22,187	850	72	103,455	732
2026-2030	714,707	43,102	3,994	157	518,035	2,895
2031-2035	-	-	-	-	519,316	1,617
2036-2039	-	-	-	-	363,832	364
Total	\$ 1,508,839	\$ 196,231	\$ 8,119	\$ 639	\$ 1,917,952	\$ 9,039

\$6,404,835 Wastewater Treatment Facility						
Years Ending September 30,	Due to Joint Venture		Construction Loan		\$800,000 Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 272,772	\$ 94,727	\$ -	\$ -	\$ 60,000	\$ -
2022	289,146	77,075	191,895	3,075	60,000	-
2023	305,518	58,392	198,309	1,703	-	-

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

Years Ending September 30,	Due to Joint Venture		\$6,404,835 Wastewater Treatment Facility Construction Loan		\$800,000 Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 164,754	\$ 38,676	\$ 198,726	\$ 1,614	\$ -	\$ -
2025	113,886	24,757	199,143	1,524	-	-
2026-2030	120,375	12,721	1,002,010	6,275	-	-
2031-2035	-	-	1,012,581	4,014	-	-
2036-2040	-	-	1,023,265	1,729	-	-
2041	-	-	204,133	70	-	-
Total	\$ 1,266,451	\$ 306,348	\$4,030,062	\$ 20,004	\$ 120,000	\$ -

Years Ending September 30,	Capital Lease		Total	
	Principal	Interest	Principal	Interest
2021	\$ 125,619	\$ 48,257	\$ 713,055	\$ 182,880
2022	130,828	43,047	930,593	159,034
2023	136,254	37,621	902,976	129,382
2024	141,905	31,970	772,558	99,644
2025	147,790	26,085	732,389	75,357
2026-2030	481,175	40,452	2,840,296	105,602
2031-2035	-	-	1,531,897	5,631
2036-2040	-	-	1,387,097	2,093
2041	-	-	204,133	70
Total	\$ 1,163,571	\$ 227,432	\$ 10,014,994	\$ 759,693

Changes In Long-term Liabilities

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

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 7,420,000	\$ -	\$ (140,000)	\$ 7,280,000	\$ 140,000
Net pension liability	5,574,961	978,077	-	6,553,038	-
Other postemployment benefits liability	7,010,175	342,359	-	7,352,534	-
Accrued compensated absences	80,888	68,314	(80,888)	68,314	10,247
Total governmental activities	\$20,086,024	\$ 1,388,750	\$ (220,888)	\$ 21,253,886	\$ 150,247

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-term Liabilities (Continued)

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

Business-type activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 6,154,372	\$ 3,175,981	\$ (478,930)	\$ 8,851,423	\$ 587,436
Obligations under capital leases	1,284,187	-	(120,616)	1,163,571	125,619
Net pension liability	343,257	60,222		403,479	-
Other postemployment benefits liability	1,141,762	55,734	-	1,197,496	-
Accrued compensated absences	4,093	6,508	(4,093)	6,508	976
Total business-type activities	\$ 8,927,671	\$ 3,298,445	\$ (603,639)	\$ 11,622,477	\$ 714,031

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.

Interfund Receivables, Payables and Transfers

The composition of interfund balances and activity for the year ended September 30, 2020 is as follows:

Receivable fund	Payable fund	Amount
Water	Sewer	\$ 55,842
Sewer	General	2,968,206
Sanitation	General	320,986
Sanitation	Water	197,846
Sanitation	Sewer	900
CRA	General	8,646
General	Water	1,123,248

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

City of Springfield, Florida
Notes to Financial Statements

Note 3: 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, 2020.

Governmental activities		
Community redevelopment fund	\$	17,909
Infrastructure tax		476,259
Law enforcement education		20,234
Total governmental activities		514,402
Business-type activities		
Impact fees		394,824
Total	\$	909,226

Net Investment In Capital Assets

The elements of this calculation are as follows:

<i>September 30, 2020</i>	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 6,862,040	\$ 19,470,348	\$ 26,332,388
Outstanding debt related to capital assets	(280,000)	(10,014,994)	(10,294,994)
Restricted cash held in escrow	-	7,902	7,902
Net investment in capital assets	\$ 6,582,040	\$ 9,463,256	\$ 16,045,296

Deficit Balances

The water fund has a deficit unrestricted net position balance of \$2,127,301 at September 30, 2020.

The government-wide governmental activities has a deficit unrestricted net position balance of \$16,169,161 and total net position deficit of \$9,072,719 at September 30, 2020.

Note 4: PENSION PLANS

Plan Description

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 (Plan) is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. 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, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, *Florida Statutes*, or are 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 Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, *Florida Statutes*. The benefit is a monthly payment to assist retirees of the state administered retirement systems in paying their health insurance costs. 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 provided by FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

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, 2020 were as follows:

	October 1, 2019 Through June 30, 2020		July 1, 2020 Through September 30, 2020	
	FRS	HIS	FRS	HIS
Regular class	6.81%	1.66%	8.34%	1.66%
Special risk	23.82%	1.66%	22.79%	1.66%
Elected officials	47.16%	1.66%	47.52%	1.66%
DROP participants	12.94%	1.66%	15.32%	1.66%

The City's contributions for the year ended September 30, 2020, were \$446,050 to FRS and \$51,619 to HIS.

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2020, the District reported a liability for its proportionate share of the net pension liability of FRS and its proportionate share of the net pension liability of HIS. The net pension liabilities were measured as of June 30, 2020. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 5,856,063	\$ 1,100,454
Proportion at:		
Current measurement date	0.013511450%	0.009012843%
Prior measurement date	0.014108350%	0.009469118%
Pension expense (benefit)	\$ 1,684,862	\$ 116,943

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

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

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 224,123	\$ -
Changes of assumptions	1,060,133	-
Net difference between projected and actual earnings on pension plan investments	348,676	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	337,061	132,308
Employer contributions subsequent to the measurement date	123,357	-
Total	\$ 2,093,350	\$ 132,308

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,015	\$ 849
Changes of assumptions	118,330	63,987
Net difference between projected and actual earnings on pension plan investments	879	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	105,347	47,517
Employer contributions subsequent to the measurement date	14,096	-
Total	\$ 283,667	\$ 112,353

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 year ending September 30, 2021. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

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

Measurement period ending June 30,	FRS	HIS
2021	\$ 412,358	\$ 45,196
2022	593,760	40,131
2023	495,316	20,890
2024	286,402	23,637
2025	49,849	18,964
Thereafter	-	8,400
Total	\$ 1,837,685	\$ 157,218

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for FRS was determined by an actuarial valuation dated June 30, 2020. The total pension liability for HIS was determined by an actuarial valuation dated June 30, 2020. The total pension liability for each of the plans was determined using the individual entry-age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for both plans were based on the PUB-2010 based table projected generationally with Scale MP-2018. The actuarial assumptions used in the FRS valuation dated June 30, 2020 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. No experience study has been completed for the HIS valuation, as it is on a pay-as-you-go basis, but the actuarial assumptions used for the valuation were based on certain results from the most recent experience study for FRS.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21% and the mortality assumption was changed from Generational RR-2000 with Projection Scale BB tables to PUB-2010 base table, projected generationally with Scale MP-2018.

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
	<u>100%</u>			

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS		
	1% Decrease	Current	1% Increase
	5.80%	Discount Rate 6.80%	7.80%
City's proportionate share of the net pension liability	\$ 9,351,146	\$ 5,856,053	\$ 2,936,952

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

Sensitivity Analysis (Continued)

	HIS		
	1% Decrease	Current	1% Increase
	1.21%	Discount Rate	3.21%
		2.21%	
City's proportionate share of the net pension liability	\$ 1,272,075	\$ 1,100,454	\$ 959,982

Pension Plans' Fiduciary Net Position

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

Payables to the Pension Plan

As of September 30, 2020, the City reported payables to the pension plans in the amount of \$72,287.

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, 2020, totaled \$136,796.

Note 5: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City has established the Retirees' Health Insurance Other Postemployment Benefits (OPEB) Plan (Plan), a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the City and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The City subsidizes the premium rates paid by the retirees by allowing them to participate in the Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. No stand alone report is issued for the Plan. The makeup of plan participants as of the September 30, 2019 valuation was as follows:

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

Retirees' and beneficiaries	12
Active participants	96
<hr/>	
Total plan members	108
<hr/>	

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.

Benefits Provided

The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Total OPEB Liability

The measurement date for the City's total OPEB liability was September 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate: 3.58% per year for measurement date September 30, 2019
- Salary increase rate: 2.50% per year
- Inflation: 2.50% per year
- Healthcare inflation: Medical 7.50% graded uniformly down to 5.50% over 10 years and then further to 4.00% by the year 2075
- Marital status: 100% assumed married, with male spouses 3 years older than female spouses
- Credited service: Total completed years of employment with the City
- Retirement rates: 100% at age 60
- Mortality rate: PUBG-2010 based table projected generationally with Scale MP-2018 for regular class and PUBS-2010 based table projected generationally with Scale MP-2018 for special risk
- Medical aging (morbidity) factors: Developed based on a study performed by Dale Yamamoto for the Society of Actuaries. Used to measure the annual increases in per capita claim costs for each age and relative cost by gender
- Health care participation: 100% participation assumed, with 0% election spouse coverage
- Termination rates: 7.79% age 20, 4.66% age 30, 2.21% age 40 and 0% age 50

City of Springfield, Florida
Notes to Financial Statements

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- Funding method: Entry-age cost method (level percentage of pay)
- Health claims: Developed using active fully insured rates
- Annual benefit costs per participant: for 2018/19 fiscal year \$19,071 for males and \$18,653 for females pre 65 cost and annual Medicare premium rates of \$3,766 starting at age 65
- Annual premium amounts per participant(employee): medical insurance: \$10,267, life insurance \$144

Discount Rate

There are no invested plan assets held in trust to finance the OPEB Plan liability. All future benefit payments were discounted using a high-quality municipal bond rate of 3.58% based on the S&P Municipal Bond 20 Year High Grade Rate Index published by S&P Dow Jones Indices.

Changes in the Total OPEB Plan Liability

September 30, 2020

Service cost	\$	747,610
Interest		367,492
Differences between expected and actual experience		(762,835)
Changes in assumptions		263,784
Changes in benefit terms		-
Contributions - employer		-
Benefits (payments) refunds		(217,958)
Net Change in OPEB liability		398,093
Total OPEB liability, beginning of year		8,151,937
Total OPEB liability, end of year	\$	8,550,030

Differences between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019. Changes of assumptions reflect a change in the discount rate from 4.18%, for the reporting period ended September 30, 2019, to the 3.58% for the reporting period ended September 30, 2020. Also reflected as assumption changes are updated mortality tables, updated health care costs, and updated health care cost trend rates.

City of Springfield, Florida
Notes to Financial Statements

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1 % Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 10,139,704	\$ 8,550,030	\$ 7,296,714

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.0 % to 6.5%) or 1 percentage point higher (5.0 % to 8.5 %) than the current healthcare cost trend rates:

	1 % Decrease 3.0%-6.5%	Current Trend Rate 4.0%-7.5%	1 % Increase 5.0%-8.5%
Total OPEB Liability	\$ 7,170,138	\$ 8,550,030	\$ 10,362,714

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

At September 30, 2020, 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	\$ -	\$ 699,265
Changes of assumptions	241,802	-
Employer contributions subsequent to the measurement date	203,609	-
Total	\$ 445,411	\$ 699,265

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 OPEB liability in the reporting year ending September 30, 2021. Other OPEB related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

City of Springfield, Florida
Notes to Financial Statements

Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Measurement period ending September 30,		
2021	\$	(41,588)
2022		(41,588)
2023		(41,588)
2024		(41,588)
2025		(41,588)
Thereafter		(249,523)
<hr/>		
Total	\$	(457,463)

NOTE 6: 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, 2020.

Note 7: 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.

City of Springfield, Florida
Notes to Financial Statements

Note 8: CONCENTRATIONS

The City purchases all of its residents' sanitation services from Mr. Trash II, LLC under an agreement dated September 12, 2016. The agreement is 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, 2019 to indicate the agreement was extended at year-end through November 1, 2022. During the year, the City paid this vendor \$828,578 under this contract for sanitation services provided to customers.

Note 9: 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.

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, 2020, the City's investment in the joint venture was \$3,406,395. 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		
<i>September 30, 2020</i>		
<hr/>		
Assets		
Current assets	\$	10,663,445
Noncurrent assets		18,284,898
<hr/>		
Total assets		28,948,343
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Deferred outflows		
Deferred loss on bond refunding		492,837
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City of Springfield, Florida
Notes to Financial Statements

Note 9: INVESTMENT IN JOINT VENTURE (Continued)

Statement of Net Position

September 30, 2020

Liabilities		
Current liabilities	\$	4,090,590
Noncurrent liabilities		4,965,210
Total liabilities		9,055,800
Net position	\$	20,385,380

Statement of Activities

Year ended September 30, 2020

Operating revenues	\$	4,707,294
Operating expenses		(4,731,875)
Operating income		(24,581)
Nonoperating revenues (expenses), net		2,682,184
Net income before distributions to owners		2,657,603
Distributions to owners		(713,231)
Change in net position		1,944,372
Net position, beginning		18,441,008
Net position, ending	\$	20,385,380

For the year ended September 30, 2020, the City had income from joint venture in the amount of \$465,498. As of September 30, 2020, the joint venture owes the City \$857,511.

The City's income from joint venture for the year ended September 30, 2020 is as follows:

City's share of operating income	\$	546,301
Decrease in reserve requirements		(80,803)
Income from joint venture	\$	465,498

Note 10: PRIOR PERIOD ADJUSTMENT

Subsequent to the issuance of the audited financial statements for the year ended September 30, 2019, it was determined that a fire truck was disposed of as damaged by Hurricane Michael in error. This understated fixed assets and the extraordinary gain related to Hurricane Michael by \$415,890 which was made up of \$443,616 in fixed asset costs and \$27,726 in accumulated depreciation.

Note 11: UNCERTAINTIES

Hurricane Michael

The total amount of damages related to Hurricane Michael has not been determined as of the report date. Thus, the actual costs for hurricane repairs could be higher than estimated at this time. If significant additional costs are incurred the City will request supplemental payments from their insurance carrier above the original estimates.

COVID-19

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operations of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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, 2020

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 617,833	\$ 432,483	\$ 600,353	\$ 167,870
Utility taxes	707,525	707,525	569,957	(137,568)
Local option gas tax	201,944	141,361	191,726	50,365
Communications services tax	127,148	127,148	142,452	15,304
Half-cent sales tax	1,887,374	1,321,162	1,733,893	412,731
Local business tax	20,000	20,000	17,023	(2,977)
Intergovernmental	646,401	452,781	669,465	216,684
Licenses and permits	515,642	515,641	499,016	(16,625)
Franchise fees	600,000	600,000	452,925	(147,075)
Charges for services	61,601	61,601	90,441	28,840
Fines and forfeitures	34,450	34,450	47,090	12,640
Rents	342,000	327,000	332,200	5,200
Interest	-	-	251	251
Grants	-	700,957	13,085,432	12,384,475
Contributions and donations	19,000	19,000	16,078	(2,922)
Other fees and miscellaneous	235,000	1,382,576	63,786	(1,318,790)
Total revenues	6,015,918	6,843,685	18,512,088	11,668,403
Expenditures				
Current				
General government				
Special governing	74,244	74,293	63,378	10,915
Administration	954,093	965,636	3,849,071	(2,883,435)
Total general government	1,028,337	1,039,929	3,912,449	(2,872,520)
Public safety				
Police	2,180,203	2,242,600	2,156,026	86,574
Fire	1,610,353	1,761,361	1,475,714	285,647
Protective services	117,813	210,015	162,684	47,331
Total public safety	3,908,369	4,213,976	3,794,424	419,552
Highways and streets	764,130	926,282	660,845	265,437
Maintenance	149,990	149,295	188,918	(39,623)
Culture and recreation	302,796	358,694	250,170	108,524

(Continued)

See independent auditors' report

City of Springfield, Florida

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund (Continued)
Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Capital outlay				
General government	\$ 124,000	\$ 30,000	\$ 24,954	\$ 5,046
Public safety	292,267	68,540	111,555	(43,015)
Highways and streets	124,404	20,000	94,800	(74,800)
Maintenance	20,000	20,000	21,645	(1,645)
Culture and recreation	50,000	10,000	5,405	4,595
Total capital outlay	610,671	148,540	258,359	(109,819)
Debt service				
General government	354,810	354,810	277,885	76,925
Total expenditures	7,119,103	7,191,526	9,343,050	(2,151,524)
Excess (deficit) of revenues over (under) expenditures	(1,103,185)	(347,841)	9,169,038	9,169,038
Other financing sources (uses)				
Insurance proceeds	-	-	876,001	876,001
Transfers from other funds	1,103,185	347,841	-	(347,841)
Total other financing sources (uses)	1,103,185	347,841	876,001	528,160
Net change in fund balance	\$ -	\$ -	\$ 10,045,039	\$ 10,045,039

See independent auditors' report

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

September 30,	2020	2019	2018
Total OPEB liability			
Service cost	\$ 747,610	\$ 802,527	\$ 869,500
Interest	367,492	315,536	263,643
Differences between expected and actual experience	(762,835)	-	-
Changes in assumptions	263,784	(739,975)	(837,979)
Benefits (payments) refunds	(217,958)	(182,880)	(168,166)
Total Change in OPEB liability	398,093	195,208	126,998
Total OPEB liability, beginning of year, as restated	8,151,937	7,956,729	7,829,731
Total OPEB liability, end of year (a)	\$ 8,550,030	\$ 8,151,937	\$ 7,956,729
Plan fiduciary net position			
Contributions - employer	\$ 217,958	\$ 182,880	\$ 168,166
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefits payments/refunds	(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)	\$ 8,550,030	\$ 8,151,937	\$ 7,956,729
Plan fiduciary net position as a percentage of OPEB liability	0%	0%	0%
Covered-employee payroll	\$ 3,342,047	\$ 2,938,588	\$ 2,866,915
Net OPEB liability as a percentage of covered-employee payroll	256%	277%	278%

GASB Codification P52 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, the information will be presented only for those years for which information is available.

The following discount rate was used in each period:

9/30/18 - 3.64%

9/30/19 - 4.18%

9/30/20 - 3.58%

See independent auditors' report

City of Springfield, Florida
Schedule of Employer Contributions for Retirees' Health
Insurance Other Postemployment Benefits Plan
Last Three Fiscal Years

September 30,	2020	2019	2018
Contractually required contributions	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency/(excess)	\$ -	\$ -	\$ -

Covered-employee payroll	\$ 3,342,047	\$ 2,938,588	\$ 2,866,915
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Contribution as a percentage of covered-employee payroll	0%	0%	0%
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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 auditors' report

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

June 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
City's proportion of the net pension liability	0.0135115%	0.0141084%	0.0131160%	0.0118032%	0.0109979%	0.0100745%	0.0108840%	N/A	N/A	N/A
City's proportionate share of the net pension liability	\$ 5,856,063	\$ 4,858,720	\$ 3,950,601	\$ 3,492,491	\$ 2,776,988	\$ 1,301,259	\$ 664,085	N/A	N/A	N/A
City's covered payroll	\$ 3,184,526	\$ 3,166,880	\$ 2,958,706	\$ 2,644,578	\$ 2,468,455	\$ 2,273,026	\$ 2,334,996	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	183.89%	153.42%	133.52%	132.06%	112.50%	57.25%	28.44%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
Contractually required contribution	\$ 446,050	\$ 455,038	\$ 392,854	\$ 319,764	\$ 284,439	\$ 252,308	\$ 245,848	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(446,050)	(455,038)	(392,854)	(319,764)	(284,439)	(252,308)	(245,848)	N/A	N/A	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
City's covered payroll	\$ 3,176,383	\$ 3,229,751	\$ 3,028,629	\$ 2,700,307	\$ 2,604,097	\$ 2,314,821	\$ 2,284,080	N/A	N/A	N/A
Contributions as a percentage of covered payroll	14.04%	14.09%	12.97%	11.84%	10.92%	10.90%	10.76%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

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

June 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
City's proportion of the net pension liability	0.0090128%	0.0094691%	0.0090550%	0.0082968%	0.0079961%	0.0074845%	0.0078546%	N/A	N/A	N/A
City's proportionate share of the net pension liability	\$ 1,100,454	\$ 1,059,498	\$ 958,387	\$ 887,129	\$ 931,913	\$ 763,301	\$ 734,425	N/A	N/A	N/A
City's covered payroll	\$ 3,184,526	\$ 3,166,880	\$ 2,958,706	\$ 2,644,578	\$ 2,468,455	\$ 2,273,026	\$ 2,334,996	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	34.56%	33.46%	32.39%	33.55%	37.75%	33.58%	31.45%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

City of Springfield, Florida
Schedule of the City's Contributions –
Health Insurance Subsidy Program

Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014	2013 *	2012 *	2011 *
Contractually required contribution	\$ 51,619	\$ 53,624	\$ 50,287	\$ 44,814	\$ 43,237	\$ 31,315	\$ 26,937	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(51,619)	(53,624)	(50,287)	(44,814)	(43,237)	(31,315)	(26,937)	N/A	N/A	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
City's covered payroll	\$ 3,176,383	\$ 3,229,751	\$ 3,028,629	\$ 2,700,307	\$ 2,604,097	\$ 2,314,821	\$ 2,284,080	N/A	N/A	N/A
Contributions as a percentage of covered payroll	1.63%	1.66%	1.66%	1.66%	1.66%	1.35%	1.18%	N/A	N/A	N/A

* Disclosures for 2011 through 2013 are N/A because comparable information is not available at this time.

See independent auditors' report

Compliance Section

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

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

We were engaged to audit, 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, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2021. Our report disclaims opinions on such financial statements because we were unable to gather sufficient audit evidence to allow us to express opinions as described in the basis for disclaimer of opinions section of the Independent Auditors' Report.

Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the City, 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 City'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 2020-001 through 2020-006 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 2020-007 through 2020-011 to be significant deficiencies.

Compliance and Other Matters

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

City's Responses to Findings

The views of responsible officials and planned corrective actions related to the findings identified in our audit described in the accompanying schedule of findings and questioned costs were not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on them.

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 engagement to perform an audit 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.

Car, Riggs & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 25, 2021

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Springfield, Florida's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2020. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, LLC

Certified Public Accountants
Panama City Beach, Florida
June 25, 2021

City of Springfield, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2020

Federal agency/pass-through entity Name of cluster/federal program	CFDA Number	Contract/ Grant ID No.	Passed Through to Subrecipients	Federal Expenditures
United States Environmental Protection Agency				
Passed through the State of Florida Department of Environmental Protection				
Drinking water state revolving fund cluster				
Capitalization grants for drinking water state revolving funds (loan)	66.468	DW030510	\$ -	\$ 9,730
Capitalization grants for drinking water state revolving funds (principal forgiveness)	66.468	DW030510	-	9,730
Total drinking water state revolving fund cluster			-	19,460
Total United States Environmental Protection Agency			-	19,460
United States Department of Homeland Security				
Passed through the State of Florida Division of Emergency Management				
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 78959	-	124,165
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 113919	-	18,101
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 80421	-	21,835
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 78951	-	712,955
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 77074	-	18,560
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 78963	-	160,899
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 80426	-	9,810
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 89093	-	18,254
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 78958	-	9,026
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 80425	-	15,664
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 89092	-	8,118
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 78950	-	10,032,799
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 80422	-	29,071
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 89091	-	32,007

(Continued)

See independent auditors' report and notes to schedule of expenditures of federal awards and state financial assistance

City of Springfield, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2020

Federal agency/pass-through entity Name of cluster/federal program	CFDA Number	Contract/ Grant ID No.	Passed Through to Subrecipients	Federal Expenditures
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 80417	\$ -	\$ 4,320
Disaster grants - public assistance (presidentially declared disasters)	97.036	Z0855 - 78288	-	17,254
Total disaster grants - public assistance (presidentially declared disasters)			-	11,232,838
Total United States Department of Homeland Security			-	11,232,838
United States Department of Justice				
Bulletproof vest partnership program	16.607	2020-BUBX-2002-2010	-	3,423
Total direct United States Department of Justice			-	3,423
Passed through the State of Florida Department of Law Enforcement				
Covid-19 Coronavirus emergency supplemental funding program	16.034	2020-CESF-BAY-1-C9-021	-	53,161
Edward Byrne memorial justice assistance grant program - active shooter medical trauma supplies	16.738	2020-JAGD-BAY-1-Y6-022	-	3,117
Edward Byrne memorial justice assistance grant program - patrol rifles	16.738	2020-JAGC-BAY-4-Y5-044	-	11,155
Total passed through the State of Florida Department of Law Enforcement			-	67,433
Total United States Department of Justice			-	70,856
Total expenditures of federal awards			\$ -	\$ 11,323,154

State agency/state project	CSFA Number	Contract/ Grant ID No.	Passed Through to Subrecipients	State Expenditures
State of Florida Division of Emergency Management				
Hurricane Michael State Recovery Grant Program	31.070	F0057	\$ -	\$ 1,147,576
Total State of Florida Division of Emergency Management			-	1,147,576

(Continued)

See independent auditors' report and notes to schedule of expenditures of federal awards and state financial assistance

City of Springfield, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
Year Ended September 30, 2020

State agency/state project	CSFA Number	Contract/ Grant ID No.	Passed Through to Subrecipients	State Expenditures
State of Florida Department of Environmental Protection				
Wastewater treatment facility construction (loan)	37.077	WW030520	\$ -	\$ 3,167,553
Total State of Florida Department of Environmental Protection			-	3,167,553
State of Florida Department of Economic Opportunity				
Community planning technical assistance grant	40.024	PO365	-	30,000
Total State of Florida Department of Economic Opportunity			-	30,000
Total expenditures of state financial assistance			\$ -	\$ 4,345,129

Capitalization grants for drinking water state revolving funds (loan) - balance September 30, 2019	DW030510	\$ 41,687
Current year expenditures of federal awards		9,730
Current year payments on loan balance		(43,298)
Capitalization grants for drinking water state revolving funds (loan) - balance September 30, 2020		<u>\$ 8,119</u>
Wastewater treatment facility construction (loan) - balance September 30, 2019	WW030520	\$ 862,509
Current year expenditures of state projects		<u>3,167,553</u>
Wastewater treatment facility construction (loan) - balance September 30, 2020		<u>\$ 4,030,062</u>

See independent auditors' report and notes to schedule of expenditures of federal awards and state financial assistance

City of Springfield, Florida
Notes to Schedule of Expenditures of Federal Awards and State
Financial Assistance

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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, 2020.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2020, the City did not elect to use this rate.

Note 3: LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

In February 2018, the City of Springfield was awarded a \$150,000 loan from the State of Florida Department of Environmental Protection. This award is identified on the schedule under CFDA number 66.468, drinking water state revolving fund cluster. As of September 30, 2020, the City has accrued related expenses of \$102,835. In accordance with terms of the loan agreements, 50% or \$51,417 of the accrued expenses were forgiven. The City has repaid \$43,298 of the loan balance as of September 30, 2020 and is obligated to repay the remaining balance of \$8,119.

The City of Springfield was awarded a loan of \$6,404,835 in March 2019, from the State of Florida Department of Environmental Protection. This award is identified under CSFA number 37.077, wastewater treatment facility construction. As of September 30, 2020, the City has accrued related expenses of \$4,030,062 on the project. In accordance with loan agreements, the City is obligated to repay the \$4,030,062 balance.

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, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified not considered to be material weaknesses? | None Reported |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosures that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General? | No |
| 4. Identification of major programs | |

<u>CFDA/CSFA Number</u>	<u>Name of federal/state program or cluster</u>
97.036	Disaster grants - public assistance (presidentially declared disasters)
31.070	Hurricane Michael State Recovery Grant Program
37.077	Wastewater treatment facility construction

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

(Continued)

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

Section II – Financial Statement Findings

2020-001 Audit Adjusting Entries (prior years 2019-001 and 2018-001) (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 auditors' 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 including 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.

2020-002 Financial Statement and Schedule of Expenditures of Federal Awards and State Financial Assistance Preparation (prior years 2019-002 and 2018-002) (initially reported in 2007)

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

Criteria: The City is required to be able to prepare its financial statements and schedule of expenditures of federal awards and state financial assistance.

Effect: The auditors assist in the preparation while the City retains responsibility for them.

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 and state financial assistance.

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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

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 financial statements and schedule of expenditures of federal awards and state financial assistance. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

2020-003 Bank Reconciliations (prior years 2019-003 and 2018-003) (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. Procedures to incorporate a management level review of the reconciliations are in process.

2020-004 Separation of Duties (prior years 2019-005 and 2018-005) (initially reported in 2009)

Condition: Due to the limited number of staff, the City does not have proper segregation of duties in many areas including user access within the accounting system. Daily activities should be structured in a way that one person isn't assigned the responsibility for more than one of the following responsibilities: the approval of transactions, the custody of assets, or the recording of transactions. At the City, even when daily activities are properly segregated, most staff is crossed trained as backups in incompatible duties. Of particular importance, employees approving credits to customer accounts have access to cash on a consistent basis, there is no regular review of billing adjustments, and adjustments to cash are made by the same individual reconciling the bank accounts.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

Criteria: To provide effective internal control, help prevent deposits from being stolen, and reduce the risk of material misstatement or fraud, incompatible duties should be separated.

Effect: This situation provides ample opportunity for theft of cash and other assets, and misstatements of financial records through error or fraud.

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 controls. 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 the person approving customer credits does not have access to change customer account data or access to cash and oversight be implemented in other areas where possible in order to reduce the City's risks to an acceptable level. Finally we also recommend reviewing the user access within the accounting system to consider whether if 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.

2020-005 Account Balances (prior years 2019-007 and 2018-007) (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. The customer deposit subsidiary ledger did not agree to the general ledger by significant amounts. In addition, certain inconsistencies were noted when comparing the customer deposit and accounts receivable subsidiary ledgers that were not investigated and corrected by the City. Various payroll related liabilities were inconsistent with expected balances by significant amounts due to inconsistencies in amounts posted by the system when compared to amounts paid by the City.

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: Prior year unreconciled differences between the general ledger and the subsidiary ledgers were not resolved in the current year. 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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

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

Views of Responsible Officials and Planned Corrective Action: The City will establish procedures to include printing of the referenced reports, preparing monthly reconciliations with reconciling items investigated and adjusted promptly as needed, and documenting evidence of the preparer's and reviewer's initials on those reviews. The City will also establish procedures to verify customer deposits are being closed out and applied to accounts receivable in a timely manner. The City agrees and will take steps to provide the necessary training for finance personnel and implement policies and procedures to review account balances and adjust as needed. The City will also assign an appropriate level of management to provide and document oversight.

2020-006 Month-end Closing (prior years 2019-010 and 2018-012) (initially reported in 2010)

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

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

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

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

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

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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

2020-007 Operating Expenditures in Excess of Budget (prior years 2019-011 and 2018-013) (initially reported in 2015)

Condition: General fund expenditures exceeded the approved budget in the City's general government department and maintenance department. The City prepared a budget amendment that was approved in December 2020, which would have resulted in smaller excess balances in each department. This amendment was not reported in the financial statements as a legal amendment must be completed within 60 days after year-end per Florida Statutes.

Criteria: Amendments to the budget are required to be approved when expenditures exceed budgeted amounts in accordance with, and within the time period prescribed, by Florida Statutes.

Effect: Expenditures not approved in the budget are a violation of Florida Statutes.

Cause: The City does not review the monthly financial statements for expenditures in excess of budget. The City did not prepare the final budget amendments in a timely manner required by Florida Statutes.

Recommendation: We recommend routine review of budget variances and amendments to the budget as needed. We also recommend that review be completed in a timely manner at or near year-end so a budget amendment can be completed and approved within 60 days of year-end as required by 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.

2020-008 Deteriorating Financial Condition (prior years 2019-013 and 2018-015) (initially reported in 2013)

Condition: As part of our financial condition assessment, we determined that the City has been experiencing a deteriorating financial condition. Though the deficit fund balances and net position have decreased in the current year, this decrease is a result of funds received related to Hurricane Michael and does not reflect a change in the operations of the City that are causing the deteriorating financial condition.

Criteria: Fund balances and net position should not be in a deficit position.

Effect: A deteriorating financial condition may lead to a financial emergency as defined in Florida Statutes 218.503(1).

Cause: The City continues to have expenditures in excess of regular revenues in the general fund and water fund that can contribute to increases in deficits. However, in the current year the general fund has a positive unassigned fund balance and there is significant decrease in the government-wide net position deficit, due to grants and insurance income related to Hurricane Michael.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

Recommendation: We recommend that the City continue to focus on increasing revenues and decreasing expenditures in all funds in order to improve net position and fund balances.

Views of Responsible Officials and Planned Corrective Action: The City is current and will continue to keep current with the payment of monthly bills. Water and sewer rates have been increased and a resolution passed to automatically adjust rates annually to be at least 3% above the wholesale cost.

2020-009 Collection and Write-off Policies and Procedures (initially reported in 2020)

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Action: We will do as recommended.

2020-010 Employment Eligibility Verification Form (I-9) Preparation Errors (initially reported in 2020)

Condition: Employment Eligibility Verification Form I-9s were completed for all employees tested during the audit, but errors were noted in the I-9s that were not identified and corrected.

Criteria: Completion of the I-9 accurately is required by the U.S. Citizen and Immigration Services department.

Effect: Errors on I-9s could cause compliance issues with the federal government.

Cause: The I-9s completed under the previous head of human resources were not reviewed for accuracy.

Recommendation: We recommend the City implement a secondary review process for I-9s to verify the forms are being completed accurately in a timely manner.

Views of Responsible Officials and Planned Corrective Action: We will do as recommended.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

2020-011 Review of Census Data for Other Postemployment Benefits (initially reported in 2020)

Condition: Errors were noted in reporting census data to the actuary for the determination of the other postemployment benefits (OPEB) liability.

Criteria: Every other year, the City is required to have an actuarial valuation completed in relation to their other postemployment benefits liability as required by the Governmental Accounting Standards Board. The valuation could be inaccurate if the census data submitted for completion of the valuation contains errors.

Effect: Errors in census data reported can result in material errors in the calculated OPEB liability. The actuary indicated that the errors noted did not have a significant effect on the calculated OPEB liability.

Cause: The City did not have a review process in place to identify errors in reporting census data.

Recommendation: The City should implement controls to ensure that information submitted to actuary for the OPEB valuation is accurate and complete.

Views of Responsible Officials and Planned Corrective Action: The human resources department has implemented additional procedures in order to ensure census data provided for the actuarial valuation are reviewed for accuracy and completeness prior to being delivered to the actuary.

Section III – Federal Award Findings and Questioned Costs

There are no federal award or state project findings or questioned costs reported for the year ended September 30, 2020.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2020

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
2019-001/ 2020-001	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.
2019-002/ 2020-002	Financial Statement/ Financial Statement and Schedule of Expenditures of Federal Awards and State Financial Assistance Preparation	Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards and state financial assistance 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.
2019-003/ 2020-003	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.
2019-004	Financial Statement/ Property and Equipment	The City has obtained a better understanding of what property and equipment they have due to the effects of Hurricane Michael and the related insurance and grants. However, property and equipment records were still not complete and the property and equipment is not being properly tagged. An inventory was not taken during the year ended September 30, 2020 that was then reconciled back to the City's depreciable assets listing.	Corrected	N/A

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2020

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2019-005/ 2020-004	Financial Statement/ Separation 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. Of particular importance, employees approving credits to customer accounts have access to cash on a consistent basis, there is no regular review of billing adjustments, and adjustments to cash are made by the same individual reconciling the bank accounts.	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.
2019-006	Financial Statement/ Uncorrected Account Balances	Uncorrected balances remain on the books related to general ledger balances brought forward during the software conversion in a prior year.	Corrected	N/A
2019-007/ 2020-005	Financial Statement/ Account Balances	Accounts receivable, customer deposits, and accounts payable accounts were not reconciled to the subsidiary ledgers at year-end or during the year. Ultimately the customer deposit subsidiary ledger did not agree to the general ledger by significant amounts. In addition, certain inconsistencies were noted when comparing the customer deposit and accounts receivable subsidiary ledgers that were not investigated and corrected. Finally, various payroll related liabilities were inconsistent with expected balances by significant amounts due to inconsistencies in amounts posted by the system and amounts paid by the City.	Not Corrected	The City continues to work on improving their procedures related to the various identified account balances and improving 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, 2020

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2019-008	Financial Statement/ Accounts Receivable and Customer Deposits	The subsidiary ledger of accounts receivable and customer deposits for the proprietary funds were not reconciled to the general ledger at September 30, 2019. Detailed reports were provided for water, sewer, and sanitation funds that did not agree to the general ledger by significant amounts.	Corrected	N/A
2019-009	Financial Statement/ Accounts Payable	The subsidiary ledgers of accounts payable for the governmental funds and the proprietary funds were not reconciled to the general ledger at year-end. Detailed reports were provided for water, sewer, and sanitation funds that did not agree to the general ledger by significant amounts.	Corrected	N/A
2019-010/ 2020-006	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 have not been able to implement those processes and procedures.	Not Corrected	The City continues to work on implementing a documented close out process.
2019-011/ 2020-007	Financial Statement/ Operating Expenditures in Excess of Budget	General fund expenditures exceeded the approved budget in the City's general government department and maintenance department. The City prepared a budget amendment that was approved in December 2020, which would have resulted in smaller excess balances in each department. This amendment was not reported in the financial statements as a legal amendment must be completed within 60 days after year-end per Florida Statutes.	Not Corrected	The City continues to work on improving their policies and procedures to allow for timely identification of budget overages and timely budget amendments.
2019-012	Financial Statement/ Lack of Management Review	Management is not actively reviewing the quarterly payroll tax returns, W-2's, and year-end payroll accrual. The City also does not have a process in place to review journal entries.	Corrected	N/A

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2020

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2019-013/ 2020-008	Financial Statement/ Deteriorating Financial Condition	As part of our financial condition assessment, we determined that the City has been experiencing a deteriorating financial condition. This includes continuing increases in deficit fund balances and net position.	Not Corrected	The City continues to work on improving their financial condition.
2019-014	Financial Statement/ Improper Computer Access	While reviewing computer access it was noted one employee had more access than necessary to perform their duties.	Corrected	N/A
2019-015	Financial Statement/ Note Covenant Requirements	The City did not create a sinking fund for the \$7,000,000 Recovery Note as required by the agreement.	Corrected	N/A

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We were engaged to audit the financial statements of the City of Springfield, Florida (City), as of and for the fiscal year ended September 30, 2020. We did not express an opinion on the financial statements because we were unable to gather sufficient audit evidence to allow us to express an opinion.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 25, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading prior year findings and recommendations.

Prior Year Findings and Recommendations

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2018-19 FY Finding #	2017-18 FY Finding #
2020-001	2019-001	2018-001
2020-002	2019-002	2018-002
2020-003	2019-003	2018-003
2020-004	2019-005	2018-005
2020-005	2019-007	2018-007
2020-006	2019-010	2018-012
2020-007	2019-011	2018-013
2020-008	2019-013	2018-015

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 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 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 has 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).

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 the review of financial information provided by same. Our financial condition assessment procedures performed as of the fiscal year-end disclosed a deteriorating financial condition. See finding 2020-008 for a description of the deteriorating financial condition noted.

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 Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

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.

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 which 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 Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State 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, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 25, 2021

INDEPENDENT ACCOUNTANTS' 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, 2020. 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.

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, 2020.

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.

Certified Public Accountants
Panama City Beach, Florida
June 25, 2021

CITY OF SPRINGFIELD

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



Ralph Hammond, Mayor

COMMISSIONERS:

Dennis Haddock

Phillip Dykes

Jackie Kennington

Topeka Humphries

Corrective Action Plan September 30, 2020

2020-001 Audit Adjusting Entries

Planned Corrective Action: Management agrees with auditors' 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 including 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, 2023

Responsible Contact Person: Beth Strobel

2020-002 Financial Statement and Schedule of Expenditures of Federal Awards and State Financial Assistance Preparation

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

Anticipated Completion Date: September 30, 2023

Responsible Contact Person: Beth Strobel

2020-003 Bank Reconciliations

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. Procedures to incorporate a management level review of the reconciliations are in process.

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Beth Strobel

2020-004 Separation of Duties

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.

Anticipated Completion Date: September 30, 2023

Responsible Contact Person: Beth Strobel

2020-005 Account Balances

Planned Corrective Action: The City will establish procedures to include printing of the referenced reports, preparing monthly reconciliations with reconciling items investigated and adjusted promptly as needed, and documenting evidence of the preparer's and reviewer's initials on those reviews. The City will also establish procedures to verify customer deposits are being closed out and applied to accounts receivable in a timely manner. The City agrees and will take steps to provide the necessary training for finance personnel and implement policies and procedures to review account balances and adjust as needed. The City will also assign an appropriate level of management to provide and document oversight.

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Beth Strobel

2020-006 Month-end Closing

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

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Beth Strobel

2020-007 Operating Expenditures in Excess of Budget

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.

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Beth Strobel

2020-008 Deteriorating Financial Condition

Planned Corrective Action: The City is current and will continue to keep current with the payment of monthly bills. Water and sewer rates have been increased and a resolution passed to automatically adjust rates annually to be at least 3% above the wholesale cost.

Anticipated Completion Date: September 30, 2023

Responsible Contact Person: Beth Strobel

2020-009 Collection and Write-off Policies and Procedures

Planned Corrective Action: We will do as recommended.

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Beth Strobel

2020-010 Employment Eligibility Verification (I-9) Preparation Errors

Planned Corrective Action: We will do as recommended.

Anticipated Completion Date: November 30, 2021

Responsible Contact Person: Beth Strobel

2020-011 Review of Census Data for Other Postemployment Benefits

Planned Corrective Action: The human resources department has implemented additional procedures in order to ensure census data provided for the actuarial valuation are reviewed for accuracy and completeness prior to being delivered to the actuary.

Anticipated Completion Date: September 30, 2021

Responsible Contact Person: Beth Strobel

CITY OF SPRINGFIELD

Ralph Hammond, Mayor

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



COMMISSIONERS:

Carl Curti
Phillip Dykes
Jack Kennington
Topeka Humphries

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

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

FURTHER AFFIANT SAYETH NAUGHT.

Beth Strobel – Finance Director

STATE OF FLORIDA
COUNTY OF BAY

SWORN TO AND SUBSCRIBED before me this 17th day of February, 2021.

NOTARY PUBLIC

Print Name Teresa Miller Cox

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires:

April 02, 2023

