



City of Springfield, Florida

Financial Statements

September 30, 2022



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Unmodified and Disclaimer of Opinions

We have audited the accompanying Government Wide Statement of Net Position, Balance Sheet – Governmental Funds, and Statement of Net Position – Proprietary Funds 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, 2022, and we were engaged to audit the Government Wide Statement of Activities; Statement of Revenues, Expenses, and Changes in Fund Balance – Governmental Funds; Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds; and Statement of Cash Flows – Proprietary Funds and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Disclaimer of Opinions on Government Wide Statement of Activities; Statement of Revenues, Expenses, and Changes in Fund Balance – Governmental Funds; Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds; and Statement of Cash Flows – Proprietary Funds

We were engaged to but did not express an opinion on the financial statements noted above of the City of Springfield, Florida. Because of the significance of the matter described in the Basis for Disclaimers of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements identified.

Unmodified Opinions on Government Wide Statement of Net Position, Balance Sheet – Governmental Funds, and Statement of Net Position – Proprietary Funds

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Springfield, Florida, as of September 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinions

We were unable to obtain sufficient audit evidence for all opinion units and financial statements as of the year ended September 30, 2021. Because we were unable to obtain sufficient audit evidence for significant assets and liabilities for numerous reasons, the beginning balances for the year could not be audited. The inaccuracy of beginning balances can materially affect the determination of the revenues and expenses/expenditures and cash flows for the year ended September 30, 2022 resulting in our disclaimers of opinion on the identified financial statements and opinion units.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, the business-type activities, and each major fund in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Springfield, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Emphasis of Matter

As described in Note 10 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Auditors' Responsibilities for the Government Wide Statement of Activities; Statement of Revenues, Expenses, and Changes in Fund Balance – Governmental Funds; Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds; and Statement of Cash Flows – Proprietary Funds

Our responsibility is to conduct an audit of the City's financial statements in accordance with generally accepted auditing standards and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinions section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements identified by opinion unit.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditors' Responsibilities for the Audit of the Government Wide Statement of Net Position, Balance Sheet – Governmental Funds, and Statement of Net Position – Proprietary Funds

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 5 through 11, schedule of revenues, expenditures, and changes in fund balance budget and actual - general fund on pages 70 and 71, schedules of other postemployment benefits on pages 72 and 73, and schedules of defined benefit pension plans on pages 74 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

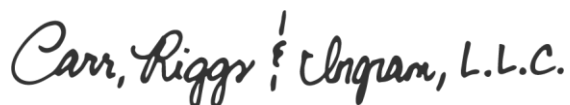
obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
December 20, 2023

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, 2022. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$21,807,343 (net position). Of this amount, \$(8,138,261) is a deficit in unrestricted net position of the governmental activities and \$9,566,133 is unrestricted net position of the business-type activities. \$620,083 of net position is restricted for business-type activities and \$1,041,177 is restricted for governmental activities.
- Total net position increased by \$11,626,458 during fiscal year 2022 after taking into consideration a prior period adjustment identified in the current year. Of this amount, an increase of \$9,527,415 is attributable to governmental activities, and an increase of \$2,099,043 is attributable to business-type activities.
- As of September 30, 2022, the general fund's unassigned fund balance was \$3,826,295.
- Governmental activities' revenues increased by \$11,157,089 or 79%, while governmental activities' expenses increased by 9% or \$728,961. Business-type activities' revenues decreased by \$121,826 or 2%, while business-type activities' expenses increased by 4% or \$197,302.

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, 2022 and 2021. At the end of fiscal year 2022, 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 2022 and 2021.

Net Position

	Governmental Activities		Business-type Activities		Total	
<i>September 30,</i>	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 8,083,620	\$ 10,780,440	\$ 12,478,205	\$ 12,128,275	\$ 20,561,825	\$ 22,908,715
Capital assets	11,928,278	7,314,288	17,922,800	18,272,412	29,851,078	25,586,700
Total assets	20,011,898	18,094,728	30,401,005	30,400,687	50,412,903	48,495,415
Deferred outflows of resources	4,520,332	3,989,491	474,862	484,810	4,995,194	4,474,301
Current liabilities	2,000,136	11,572,076	1,684,575	1,888,585	3,684,711	13,460,661
Noncurrent liabilities	17,168,468	16,136,635	6,297,720	8,815,225	23,466,188	24,951,860
Total liabilities	19,168,604	27,708,711	7,982,295	10,703,810	27,150,899	38,412,521
Deferred inflows of resources	5,590,909	4,130,206	858,946	246,104	6,449,855	4,376,310
Net position						
Net investment in capital assets	6,869,801	3,353,255	11,848,410	10,508,563	18,718,211	13,861,818
Restricted	1,041,177	962,489	620,083	567,644	1,661,260	1,530,133
Unrestricted (deficit)	(8,138,261)	(14,070,442)	9,566,133	8,859,376	1,427,872	(5,211,066)
Total net position (deficit)	\$ (227,283)	\$ (9,754,698)	\$ 22,034,626	\$ 19,935,583	\$ 21,807,343	\$ 10,180,885

At September 30, 2022, 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 \$1,427,872 at September 30, 2022.

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	
	2022	2021	2022	2021	2022	2021
Program revenues						
Charges for services	\$ 836,823	\$ 679,606	\$ 5,936,783	\$ 5,856,623	\$ 6,773,606	\$ 6,536,229
Operating grants/ contributions	5,096,645	1,814,900	320,176	189,998	5,416,821	2,004,898
Capital grants/ contributions	3,499,883	40,840	-	4,269,873	3,499,883	4,310,713
General revenues						
Gross receipts taxes	4,501,550	3,706,474	-	-	4,501,550	3,706,474
Franchise fees	505,757	467,100	-	-	505,757	467,100
State shared revenues	624,198	427,427	-	-	624,198	427,427
Impact fees	-	-	149,512	261,143	149,512	261,143
Miscellaneous revenues	3,301,036	21,678	575,566	16,025	3,876,602	37,703
Gain (loss) on disposal of assets	16,748	(54,300)	-	(3,489,799)	16,748	(3,544,099)
Total revenues	18,382,640	7,103,725	6,982,037	7,103,863	25,364,677	14,207,588
Expenses						
General government	1,563,549	1,441,545	-	-	1,563,549	1,441,545
Public safety	5,273,321	4,781,125	-	-	5,273,321	4,781,125
Highways and streets	1,056,296	918,960	-	-	1,056,296	918,960
Maintenance	201,403	229,315	-	-	201,403	229,315
Culture and recreation	338,068	338,468	-	-	338,068	338,468
Interest on long-term debt	73,392	67,655	-	-	73,392	67,655
Water	-	-	1,629,107	1,588,362	1,629,107	1,588,362
Sewer	-	-	2,379,367	2,281,109	2,379,367	2,281,109
Sanitation	-	-	1,086,762	1,028,463	1,086,762	1,028,463
Total expenses	8,506,029	7,777,068	5,095,236	4,897,934	13,601,265	12,675,002

(Continued)

Year Ended September 30,	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Change in net position						
before transfers	\$ 9,876,611	\$ (673,343)	\$ 1,886,801	\$ 2,205,929	\$ 11,763,412	\$ 1,532,586
Transfers	(349,196)	(264,234)	349,196	264,234	-	-
Change in net position	9,527,415	(937,577)	2,235,997	2,470,163	11,763,412	1,532,586
Net position (deficit)						
- beginning (as originally reported)	(9,754,698)	(8,817,121)	19,935,583	17,465,420	10,180,885	8,648,299
Prior period adjustment	-	-	(136,954)	-	(136,954)	-
Net position (deficit) - beginning (as restated)	(9,754,698)	(8,817,121)	19,798,629	17,465,420	10,043,931	8,648,299
Net position (deficit) - ending	\$ (227,283)	\$ (9,754,698)	\$ 22,034,626	\$ 19,935,583	\$ 21,807,343	\$ 10,180,885

For the year ended September 30, 2022, governmental activities' revenues exceeded expenses by \$9,527,415, while business-type activities' revenues exceeded expenses by \$2,235,997. Total revenues increased \$11,157,089 from the previous year mainly due to an increase grant revenues and miscellaneous revenues associated with a change in planned benefits as well as no loss on disposal of assets in the current year while a significant loss reported in the prior year. Total expenses increased \$926,263 from the previous year mainly due to an increase in public safety and highways and streets. 27% of the revenues for governmental activities were generated by gross receipts, franchise and utility taxes and 47% were generated by operating and capital grants and contributions. Most of the governmental resources were expended for general government (18%), public safety (62%), and highways and streets (12%). Charges for services provided the majority of the revenues (85%) for business-type activities. Sewer expenses consumed the majority (47%) of business-type activities, followed by water expenses (32%).

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, 2022, total assets were \$12,844,783, total liabilities were \$6,772,187, and total deferred inflows of resources were \$1,228,581. At the end of fiscal year 2022, unassigned fund balance of the general fund was \$3,826,295 while the total fund balance was \$4,844,015.

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, 2022 and 2021 are presented below.

<i>September 30,</i>	2022	2021
Water	\$ (1,441,190)	\$ (1,458,108)
Sewer	10,318,523	9,557,741
Sanitation	688,800	759,743
Total	\$ 9,566,133	\$ 8,859,376

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, 2022, was \$29,851,078 (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>	2022	2021	2022	2021	2022	2021
Land	\$ 1,662,391	\$ 1,581,328	\$ 623,101	\$ 379,900	\$ 2,285,492	\$ 1,961,228
Construction in progress	4,912,870	393,574	16,638	7,227,606	4,929,508	7,621,180
Buildings	319,852	342,807	103,448	100,702	423,300	443,509
Improvements/ distribution system	2,152,549	2,054,099	16,587,662	9,921,195	18,740,211	11,975,294
Machinery and equipment	1,925,028	1,901,167	576,834	643,009	2,501,862	2,544,176
Streets	947,246	1,041,313	-	-	947,246	1,041,313
RTU Asset	8,342	-	15,117	-	23,459	-
Total	\$ 11,928,278	\$ 7,314,288	\$ 17,922,800	\$ 18,272,412	\$ 29,851,078	\$ 25,586,700

Debt Management

At the end of fiscal year 2022, the City had total outstanding debt in the amount of \$14,035,763. This debt balance represents notes payable secured by specified revenue sources, liabilities for leased assets, and financed purchases of assets.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
<i>September 30,</i>	2022	2021	2022	2021	2022	2021
Lease liability	\$ 8,477	\$ -	\$ 15,279	\$ -	\$ 23,756	\$ -
Financed purchases	-	229,874	907,124	1,037,952	907,124	1,267,826
Notes payable	7,952,896	6,634,055	5,151,987	6,725,897	13,104,883	13,359,952
Total	\$ 7,961,373	\$ 6,863,929	\$ 6,074,390	\$ 7,763,849	\$ 14,035,763	\$ 14,627,778

Principal repayments during the year on notes payable totaled \$4,261,391 and on financed purchases of assets totaled \$360,702. Additional debt proceeds of \$5,000,000 were received during the year. A prior period adjustment further reduced the notes payable balance for business-type activities during the current year. More details of the City's prior period adjustment is presented in note 10 of the notes to financial statements.

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 actual revenues exceeded final budgeted revenues, including other financing sources and uses, by \$1,260,737 which was primarily due to the City budgeting for grant revenues they did not report in the current year offset by \$5,000,000 in debt proceeds that were not budgeted for. The general fund actual expenditures were less than the final budgeted expenditures by \$1,487,113 due to not budgeting for the certain grant expenditures in the current year that ultimately weren't reported.

Economic Factors and Next Year's Budget

The next year's budget includes an overall increase in most departmental budgets. The City increased the millage rate for property taxes for the 2023 budget year to 4.865 mills which is an increase of .4 mills over the prior year. Water rates were increased 6% per 1,000 gallons, Sewer rates were increased 7% per 1,000 gallons, and Sanitation rates were increased \$3.00 monthly per service to offset the costs associated with providing these services.

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

Contacting the City's Finance Department

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

City of Springfield, Florida
Statement of Net Position

September 30, 2022

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
Assets			
Cash and cash equivalents	\$ 4,282,562	\$ 2,467,869	\$ 6,750,431
Accounts receivable, net	126,224	450,297	576,521
Prepays	17,824	-	17,824
Internal balances	(4,115,174)	4,115,174	-
Due from other governments	2,486,782	-	2,486,782
Due from joint venture	-	191,826	191,826
Restricted assets			
Cash and cash equivalents			
Customer deposits	-	812,614	812,614
Debt service	-	149,351	149,351
Impact fees	-	470,732	470,732
Other	5,285,402	-	5,285,402
Investment in joint venture	-	3,820,342	3,820,342
Capital assets			
Nondepreciable	6,575,261	639,739	7,215,000
Depreciable, net	5,344,675	17,267,944	22,612,619
Right-to-use lease assets, net	8,342	15,117	23,459
Total assets	20,011,898	30,401,005	50,412,903
Deferred Outflows of Resources			
Deferred outflows related to pensions	2,194,254	96,198	2,290,452
Deferred outflows related to OPEB	2,326,078	378,664	2,704,742
Total deferred outflows of resources	4,520,332	474,862	4,995,194
Liabilities			
Accounts payable	496,882	276,936	773,818
Accrued interest	11,512	97,042	108,554
Accrued payroll liabilities	355,522	20,086	375,608
Unearned revenues	1,108,176	-	1,108,176
Customer deposits	9,163	758,815	767,978

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Net Position (Continued)
September 30, 2022

<i>September 30, 2022</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
Non-current liabilities			
Due within one year			
Compensated absences	\$ 12,126	\$ 772	\$ 12,898
Notes payable	-	386,371	386,371
Financed purchase liability	-	136,255	136,255
Lease liability	6,755	8,298	15,053
Due in more than one year			
Compensated absences	68,712	4,374	73,086
Notes payable	7,952,896	4,765,616	12,718,512
Financed purchase liability	-	770,869	770,869
Lease liability	1,722	6,981	8,703
Net pension liability	6,216,397	272,536	6,488,933
Other postemployment benefits	2,928,741	477,344	3,406,085
Total liabilities	19,168,604	7,982,295	27,150,899
Deferred Inflows of Resources			
Deferred inflows related to pensions	430,440	18,870	449,310
Deferred inflows related to OPEB	5,160,469	840,076	6,000,545
Total deferred inflows of resources	5,590,909	858,946	6,449,855
Net Position			
Net investment in capital assets	6,869,801	11,848,410	18,718,211
Restricted	1,041,177	620,083	1,661,260
Unrestricted (deficit)	(8,138,261)	9,566,133	1,427,872
Total net position (deficit)	\$ (227,283)	\$ 22,034,626	\$ 21,807,343

See accompanying notes

City of Springfield, Florida
Statement of Activities

					Net (Expenses)/Revenues and Changes in Net Position		
For the year ended September 30, 2022					Primary Government		
Functions/Programs	Expenses	Charges for Services	Program Revenues		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Capital Grants and Contributions			
Primary government							
Governmental activities							
General government	\$ 1,563,549	\$ 193,155	\$ 5,096,645	\$ 3,492,538	\$ 7,218,789	\$ -	\$ 7,218,789
Public safety	5,273,321	620,668	-	-	(4,652,653)	-	(4,652,653)
Highways and streets	1,056,296	-	-	7,345	(1,048,951)	-	(1,048,951)
Maintenance	201,403	-	-	-	(201,403)	-	(201,403)
Culture and recreation	338,068	23,000	-	-	(315,068)	-	(315,068)
Interest on long-term debt	73,392	-	-	-	(73,392)	-	(73,392)
Total governmental activities	8,506,029	836,823	5,096,645	3,499,883	927,322	-	927,322
Business-type activities							
Water	1,629,107	1,508,810	-	-	-	(120,297)	(120,297)
Sewer	2,379,367	3,213,819	320,176	-	-	1,154,628	1,154,628
Sanitation	1,086,762	1,214,154	-	-	-	127,392	127,392
Total business-type activities	5,095,236	5,936,783	320,176	-	-	1,161,723	1,161,723
Total primary government	\$ 13,601,265	\$ 6,773,606	\$ 5,416,821	\$ 3,499,883	927,322	1,161,723	2,089,045

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Activities (Continued)

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

For the year ended September 30, 2022

	Governmental Activities	Business-type Activities	Total
General revenues and transfers			
Taxes			
Ad valorem taxes	\$ 982,082	\$ -	\$ 982,082
Utility taxes	613,187	-	613,187
Local option gas tax	245,361	-	245,361
Communications services tax	148,144	-	148,144
Half-cent sales tax	2,499,234	-	2,499,234
Local business tax	13,542	-	13,542
Ad valorem CRA	23,372	-	23,372
State shared revenues	624,198	-	624,198
Franchise fees	505,757	-	505,757
Impact fees	-	149,512	149,512
Miscellaneous revenues	3,277,399	575,566	3,852,965
Interest earnings	265	-	265
Gain (loss) on disposal of assets	16,748	-	16,748
Transfers, net	(349,196)	349,196	-
Total general revenues and transfers	8,600,093	1,074,274	9,674,367
Change in net position	9,527,415	2,235,997	11,763,412
Net position (deficit) - beginning of year (as originally reported)	(9,754,698)	19,935,583	10,180,885
Prior period adjustment	-	(136,954)	(136,954)
Net position (deficit) - beginning of year (as restated)	(9,754,698)	19,798,629	10,043,931
Net position (deficit) - end of year	\$ (227,283)	\$ 22,034,626	\$ 21,807,343

See accompanying notes

City of Springfield, Florida
Balance Sheet
Governmental Funds

<i>September 30, 2022</i>	General	Community Redevelopment	Total
Assets			
Cash and cash equivalents	\$ 4,310,825	\$ -	\$ 4,310,825
Accounts receivable, net	126,224	-	126,224
Due from other funds	678,625	8,645	687,270
Due from other governments	2,486,782	-	2,486,782
Prepays	17,824	-	17,824
Restricted assets - cash and cash equivalents	5,224,503	32,636	5,257,139
Total assets	\$ 12,844,783	\$ 41,281	\$ 12,886,064
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 496,882	\$ -	\$ 496,882
Accrued payroll liabilities	355,522	-	355,522
Customer deposits	9,163	-	9,163
Unearned revenue	1,108,176	-	1,108,176
Due to other funds	4,802,444	-	4,802,444
Total liabilities	6,772,187	-	6,772,187
Deferred inflows of resources			
Unavailable revenue - grant revenues	1,228,581	-	1,228,581
Total deferred inflows of resources	1,228,581	-	1,228,581
Fund balances			
Nonspendable			
Prepays	17,824	-	17,824
Restricted			
Law enforcement education	14,500	-	14,500
Community redevelopment fund	-	41,281	41,281
Infrastructure tax	985,396	-	985,396
Unassigned	3,826,295	-	3,826,295
Total fund balance	4,844,015	41,281	4,885,296
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,844,783	\$ 41,281	

(Continued)

See accompanying notes

City of Springfield, Florida
Balance Sheet
Governmental Funds (Continued)

<i>September 30, 2022</i>	General	Community Redevelopment	Total
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.			\$ 11,928,278
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.			(17,198,861)
Grant revenues not available for use in the current fiscal year are deferred until future periods on the governmental funds balance sheet.			1,228,581
Deferred outflows and inflows of resources are not financial resources or liabilities and therefore are not reported in the funds.			(1,070,577)
Net position (deficit) of governmental activities			\$ (227,283)

See accompanying notes

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

<i>For the year ended September 30, 2022</i>	General	Community Redevelopment	Total
Revenues			
Taxes			
Ad valorem taxes	\$ 982,082	\$ -	\$ 982,082
Utility taxes	613,187	-	613,187
Local option gas tax	245,361	-	245,361
Communications services tax	148,144	-	148,144
Half-cent sales tax	2,499,234	-	2,499,234
Local business tax	13,542	-	13,542
Property taxes	-	23,372	23,372
Intergovernmental	820,423	-	820,423
Licenses and permits	640,473	-	640,473
Franchise fees	505,757	-	505,757
Charges for services	109,789	-	109,789
Fines and forfeitures	64,156	-	64,156
Rents	23,000	-	23,000
Interest	265	-	265
Grants	8,031,015	-	8,031,015
Contributions and donations	7,345	-	7,345
Other fees and miscellaneous	155,729	-	155,729
Total revenues	14,859,502	23,372	14,882,874
Expenditures			
Current			
General government	1,507,957	-	1,507,957
Public safety	4,781,487	-	4,781,487
Highways and streets	803,959	-	803,959
Maintenance	181,214	-	181,214
Culture and recreation	307,129	-	307,129
Debt service			
Principal	3,917,571	-	3,917,571
Interest	69,661	-	69,661
Capital outlay			
General government	1,152,135	-	1,152,135
Public safety	401,587	-	401,587
Highways and streets	3,223,704	-	3,223,704
Maintenance	28,221	-	28,221
Culture and recreation	407,248	-	407,248
Total expenditures	16,781,873	-	16,781,873

(Continued)

See accompanying notes

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

<i>For the year ended September 30, 2022</i>	General	Community Redevelopment	Total
Excess (deficiency) of revenues over (under) expenditures	\$ (1,922,371)	\$ 23,372	\$ (1,898,999)
Other Financing Sources (Uses)			
Debt proceeds	5,000,000	-	5,000,000
Insurance proceeds	19,417	-	19,417
Transfers from (to) other funds	(349,196)	-	(349,196)
Total other financing sources (uses)	4,670,221	-	4,670,221
Net change in fund balances	2,747,850	23,372	2,771,222
Fund balance - beginning (as originally stated)	2,962,803	17,909	2,980,712
Prior period adjustment	(866,638)	-	(866,638)
Fund balance - beginning (as restated)	2,096,165	17,909	2,114,074
Fund balance - ending	\$ 4,844,015	\$ 41,281	\$ 4,885,296

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**

<i>For the year ended September 30,</i>	<i>2022</i>
Net change in fund balances - total governmental funds (page 19)	\$ 2,771,222
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.	4,608,149
The net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to decrease net position.	(9,174)
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.	2,881,435
Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	361,943
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.	(1,086,160)
Change in net position of governmental activities (page 15)	\$ 9,527,415

See accompanying notes

City of Springfield, Florida
Statement of Net Position
Proprietary Funds

<i>September 30, 2022</i>	Business-type Activities/Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 300	\$ 2,331,818	\$ 135,751	\$ 2,467,869
Accounts receivable, net	105,300	253,079	91,918	450,297
Due from joint venture	-	191,826	-	191,826
Due from other funds	87,583	4,530,040	462,505	5,080,128
Total current assets	193,183	7,306,763	690,174	8,190,120
Noncurrent assets				
Restricted assets				
Cash and cash equivalents				
Customer deposits	812,614	-	-	812,614
Debt service funds	98,485	50,866	-	149,351
Impact fees	171,180	299,552	-	470,732
Investment in joint venture	-	3,820,342	-	3,820,342
Capital assets				
Nondepreciable	185,932	245,027	208,780	639,739
Depreciable, net	4,370,773	12,870,258	26,913	17,267,944
Right-to-use lease assets, net	5,039	5,039	5,039	15,117
Total noncurrent assets	5,644,023	17,291,084	240,732	23,175,839
Total assets	5,837,206	24,597,847	930,906	31,365,959
Deferred Outflows of Resources				
Deferred outflows related to pensions	\$ 52,680	\$ 43,518	\$ -	\$ 96,198
Deferred outflows related OPEB	189,332	189,332	-	378,664
Total deferred outflows of resources	242,012	232,850	-	474,862
Liabilities				
Current liabilities				
Accounts payable	125,106	150,456	1,374	276,936
Accrued interest	94,208	2,834	-	97,042
Accrued payroll liabilities	11,478	8,608	-	20,086
Compensated absences	695	77	-	772

(Continued)

See accompanying notes

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

<i>September 30, 2022</i>	Business-type Activities/Enterprise Funds			
	Water	Sewer	Sanitation	Total
Due to other funds	\$ 876,471	\$ 88,483	\$ -	\$ 964,954
Customer deposits	758,815	-	-	758,815
Current portion of financed purchase liability	136,255	-	-	136,255
Current portion of lease liability	2,766	2,766	2,766	8,298
Current portion of notes payable	158,717	227,654	-	386,371
Total current liabilities	2,164,511	480,878	4,140	2,649,529
Noncurrent liabilities				
Compensated absences	3,936	438	-	4,374
Total OPEB liability	238,672	238,672	-	477,344
Net pension liability	149,246	123,290	-	272,536
Financed purchase liability due after one year	770,869	-	-	770,869
Lease liability due after one year	2,327	2,327	2,327	6,981
Notes payable due after one year	1,044,907	3,720,709	-	4,765,616
Total noncurrent liabilities	2,209,957	4,085,436	2,327	6,297,720
Total liabilities	4,374,468	4,566,314	6,467	8,947,249
Deferred Inflows of Resources				
Deferred inflows related to pensions	10,334	8,536	-	18,870
Deferred inflows related to OPEB	420,038	420,038	-	840,076
Total deferred inflows of resources	430,372	428,574	-	858,946
Net position				
Net investment in capital assets	2,445,903	9,166,868	235,639	11,848,410
Restricted for				
Impact fees	171,180	299,552	-	470,732
Debt service	98,485	50,866	-	149,351
Unrestricted (deficit)	(1,441,190)	10,318,523	688,800	9,566,133
Total net position	\$ 1,274,378	\$ 19,835,809	\$ 924,439	\$ 22,034,626

See accompanying notes

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

	Business-type Activities/Enterprise Funds			
<i>For the year ended September 30, 2022</i>	Water	Sewer	Sanitation	Total
Operating Revenues				
Charges for services				
Sales	\$ 1,310,584	\$ 3,091,694	\$ 1,183,080	\$ 5,585,358
Connection/reconnection fees	119,502	-	-	119,502
Penalties	33,874	84,475	31,074	149,423
Tap fees	44,850	37,650	-	82,500
Other income	320,995	254,571	-	575,566
Impact fees	63,112	86,400	-	149,512
Total operating revenues	1,892,917	3,554,790	1,214,154	6,661,861
Operating Expenses				
Personnel services	370,647	252,041	-	622,688
Professional services	63,029	56,621	56,621	176,271
Contractual services	17,433	23,403	949,897	990,733
Insurance	123,752	123,752	32,752	280,256
Repairs and maintenance	144,793	56,410	441	201,644
Operating supplies	54,970	47,940	12,085	114,995
Communication services	16,388	14,894	12,023	43,305
Public utility purchases	489,257	1,169,199	883	1,659,339
Rentals	963	150	150	1,263
Printing and binding	619	-	-	619
Bad debt	15,901	21,901	8,272	46,074
Miscellaneous	12,047	10,339	9,255	31,641
Amortization	2,624	2,624	2,624	7,872
Depreciation	231,473	586,991	1,589	820,053
Total operating expenses	1,543,896	2,366,265	1,086,592	4,996,753
Operating income	349,021	1,188,525	127,562	1,665,108

(Continued)

See accompanying notes

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

<i>For the year ended September 30, 2022</i>	Business-type Activities/Enterprise Funds			
	Water	Sewer	Sanitation	Total
Nonoperating Revenues (Expenses)				
Income from joint venture	\$ -	\$ 320,176	\$ -	\$ 320,176
Interest expense	(85,211)	(13,102)	(170)	(98,483)
Total nonoperating revenues (expenses)	(85,211)	307,074	(170)	221,693
Income (Loss) Before Contributions and Transfers	263,810	1,495,599	127,392	1,886,801
Transfers in (out)	314,904	142,292	(108,000)	349,196
Change in net position	578,714	1,637,891	19,392	2,235,997
Net position, beginning of year as originally reported	775,239	18,255,297	905,047	19,935,583
Prior period adjustment	(79,575)	(57,379)	-	(136,954)
Net position, beginning of year as restated	695,664	18,197,918	905,047	19,798,629
Net position, end of year	\$ 1,274,378	\$ 19,835,809	\$ 924,439	\$ 22,034,626

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2022

	Business-type Activities/Enterprise Funds			
<i>For the year ended September 30, 2022</i>	Water	Sewer	Sanitation	Total
Operating activities				
Receipts from customers and users	\$ 1,593,597	\$ 3,287,739	\$ 1,216,602	\$ 6,097,938
Payments to suppliers and others	(862,741)	(1,551,240)	(1,083,366)	(3,497,347)
Payments for personnel services	(360,678)	(245,147)	-	(605,825)
Net cash provided by operating activities	370,178	1,491,352	133,236	1,994,766
Noncapital financing activities				
Transfers from (to) other funds	314,904	142,292	(108,000)	349,196
Changes in internal balances	153,699	77,215	99,711	330,625
Net cash provided (used) by noncapital financing activities	468,603	219,507	(8,289)	679,821
Capital and related financing activities				
Principal paid on notes payable	(361,127)	(219,105)	-	(580,232)
Principal paid on lease liabilities	(2,570)	(2,570)	(2,570)	(7,710)
Principal paid on financed purchases	(130,828)	-	-	(130,828)
Interest paid on long-term debt and lease liabilities	(87,327)	(12,169)	(170)	(99,666)
Proceeds from sales of capital assets	-	-	-	-
Purchases of capital assets	(191,893)	(171,453)	(91,978)	(455,324)
Net cash used by capital and related financing activities	(773,745)	(405,297)	(94,718)	(1,273,760)
Investing activities				
Investment in joint venture	-	(289,145)	-	(289,145)
Net cash provided (used) by investing activities	-	(289,145)	-	(289,145)
Net increase (decrease) in cash and cash equivalents	65,036	1,016,417	30,229	1,111,682
Cash and cash equivalents - beginning	1,017,543	1,665,819	105,522	2,788,884
Cash and cash equivalents - ending	\$ 1,082,579	\$ 2,682,236	\$ 135,751	\$ 3,900,566
Cash and cash equivalents classified as				
Current assets	\$ 300	\$ 2,331,818	\$ 135,751	\$ 2,467,869
Restricted assets	1,082,279	350,418	-	1,432,697
Total cash and cash equivalents	\$ 1,082,579	\$ 2,682,236	\$ 135,751	\$ 3,900,566

(Continued)

See accompanying notes

City of Springfield, Florida
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2022

	Business-type Activities/Enterprise Funds			
<i>For the year ended September 30, 2022</i>	Water	Sewer	Sanitation	Total
Reconciliation of net operating income to net cash provided by operating activities				
Net operating income	\$ 349,021	\$ 1,188,525	\$ 127,562	\$ 1,665,108
Adjustments to reconcile net operating income to net cash provided by operating activities				
Depreciation	231,473	586,991	1,589	820,053
Amortization	2,624	2,624	2,624	7,872
(Increase) decrease in assets				
Accounts receivable, net	(577)	(12,480)	2,448	(10,609)
(Increase) in deferred outflows of resources	3,283	6,665	-	9,948
Increase (decrease) in liabilities				
Accounts payable	76,411	(26,631)	(987)	48,793
Accrued payroll liabilities	1,855	2,680	-	4,535
Accrued compensated absences	2,576	(359)	-	2,217
Net pension liability	100,686	83,175	-	183,861
Other postemployment benefits liability	(652,841)	(652,841)	-	(1,305,682)
Customer deposits	(44,172)	-	-	(44,172)
Increase in deferred inflows of resources	299,839	313,003	-	612,842
Total adjustments	21,157	302,827	5,674	329,658
Net cash provided by operating activities	\$ 370,178	\$ 1,491,352	\$ 133,236	\$ 1,994,766
Noncash investing and financing activities				
Assets acquired via lease	\$ 7,663	\$ 7,663	\$ 7,663	\$ 22,989

See accompanying notes

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Units

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

Government-Wide and Fund Financial Statements

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

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

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (continued)

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

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

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

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

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

Budgetary Information

Budgetary basis of accounting

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (continued)

Budgetary basis of accounting (continued)

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

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

Cash and cash equivalents

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

Receivables and payables

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

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

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.

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

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Assets

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

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

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

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

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

Capital Assets

Capital assets, which include property, plant, equipment, leased assets, right-to-use assets, 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:

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations (continued)

discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

Miscellaneous Revenue

Miscellaneous revenue as of September 30, 2022 consist of various revenues including rental income, fees charged for nonrecurring services, donations, gifts insurance proceeds, and other income. The Water Fund and Sewer Fund miscellaneous revenue consists primarily of changes associated with the City's OPEB for \$254,571 per fund for a total in business-type activities of \$509,142 of the \$575,566 reported. The governmental activities miscellaneous revenue of \$3,277,399 consisted primarily of an \$3,127,580 related to the same OPEB change.

Leases

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

Pensions

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB) Liability

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

Categories and Classification of Net Position and Fund Balance

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Revenues and Expenditures/Expenses

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

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

Each assessment roll is submitted to the executive director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for general operations. The City’s millage rate for the year ended September 30, 2022, was 4.4650 mills.

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

City of Springfield, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

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

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

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

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and sanitation fund are charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 the date that the financial statements were available to be issued, December 20, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

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. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 10.

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 in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

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. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. 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 plans or OPEB plans (other employee benefit 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 (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. There were no significant impacts of implementing this Statement.

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

In May 2020, GASB issued 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.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an

City of Springfield, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

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

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

The following is an explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between total fund balance and net position of governmental activities as reported in the government-wide statement of net position. One element of the reconciliations states that capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The details of this difference are as follows:

Cost of capital assets	\$ 15,741,317
Less: accumulated depreciation and amortization	(3,813,039)
<hr/>	
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ 11,928,278
<hr/>	

City of Springfield, Florida
Notes to Financial Statements

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

Another element of that reconciliation states that long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. The details of this difference are as follows:

Notes payable	\$ (7,952,896)
Lease liability	(8,477)
Accrued interest	(11,512)
Other postemployment benefits liability	(2,928,741)
Net pension liability	(6,216,397)
Accrued compensated absences	(80,838)
<hr/>	
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ (17,198,861)

Another element of that reconciliation states that certain grant revenues not available for use in the current fiscal year are deferred until future periods on the governmental funds balance sheet. The details of this differences are as follows:

Deferred inflows of resources related to unavailable revenue	\$ 1,228,581
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Another element of that reconciliation states that deferred outflows and inflows of resources are not financial resources or liabilities, and therefore, are not reported in the funds. The details of this difference are as follows:

Deferred outflows of resources related to net pension liability	\$ 2,194,254
Deferred outflows of resources related to other postemployment benefits liability	2,326,078
Deferred inflows of resources related to net pension liability	(430,440)
Deferred inflows of resources related to other postemployment benefits liability	(5,160,469)
<hr/>	
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	\$ (1,070,577)

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 element of that reconciliation explains, 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	\$ 5,212,895
Depreciation and amortization expense	(604,746)
<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>	\$ 4,608,149

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	\$ (15,558)
Deferred outflows of resources	530,841
Deferred inflows of resources	(1,460,703)
Pension expense	(4,193,760)
Other postemployment benefits	8,020,615
<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>	\$ 2,881,435

Another element of that reconciliation is the issuance of long-term debt 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 notes payable	\$ 3,917,571
Proceeds from notes payable	(5,000,000)
Accrued interest	(3,731)
<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>	\$ (1,086,160)

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	\$ (9,174)
<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>	\$ (9,174)
<hr/>	

Certain funds due from other agencies are not available and, therefore, not are recognized as revenue in the governmental fund statements. However, these funds are recognized as revenue under the full accrual basis of accounting in the statement of activities.

Change in unavailable revenue	\$ 361,943
<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>	\$ 361,943
<hr/>	

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

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

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

- The Local Government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida 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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2022, the City did not hold any investments that were considered to be a custodial credit risk.

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

Credit risk – Section 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, 2022, 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, 2022, 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, 2022 (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.

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (continued)

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, 2022, were as follows:

	Accounts Receivable	Unbilled Receivable	Allowance for Uncollectible	Net
General fund	\$ 126,224	\$ -	\$ -	\$ 126,224
Enterprise funds				
Water fund	18,401	110,368	(23,469)	105,300
Sewer fund	15,994	271,825	(34,740)	253,079
Sanitation fund	6,692	98,740	(13,514)	91,918
Total	\$ 167,311	\$ 480,933	\$ (71,723)	\$ 576,521

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, 2022.

Capital Assets

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2022:

	September 30, 2021 (as restated)	Increases	Decreases	September 30, 2022
Capital assets not being depreciated				
Land	\$ 1,581,328	\$ 81,063	\$ -	\$ 1,662,391
Construction in progress	393,574	4,519,296	-	4,912,870
Total capital assets not being depreciated	1,974,902	4,600,359	-	6,575,261
Capital assets being depreciated				
Buildings	415,694	-	-	415,694
Streets	1,551,323	-	-	1,551,323
Improvements	2,838,953	188,261	-	3,027,214
Intangible assets	50,571	-	-	50,571
Machinery and equipment	3,792,178	424,275	(110,214)	4,106,239
Total capital assets being depreciated	8,648,719	612,536	(110,214)	9,151,041

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	September 30, 2021 (as restated)	Increases	Decreases	September 30, 2022
Less accumulated depreciation				
Buildings	\$ 72,887	\$ 22,955	\$ -	\$ 95,842
Streets	510,010	94,067	-	604,077
Improvements	784,854	89,811	-	874,665
Intangible assets	50,571	-	-	50,571
Machinery and equipment	1,891,011	391,240	(101,040)	2,181,211
Total accumulated depreciation	3,309,333	598,073	(101,040)	3,806,366
Total capital assets being depreciated (net of accumulated depreciation)	5,339,386	14,463	(9,174)	5,344,675
Right-to-use lease assets being amortized				
Equipment	15,015	-	-	15,015
Accumulated amortization				
Equipment	-	6,673	-	6,673
Right-to-use lease assets being amortized (net of accumulated amortization)	15,015	(6,673)	-	8,342
Total governmental activities' capital assets (net)	\$ 7,329,303	\$ 4,608,149	\$ (9,174)	\$ 11,928,278

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2022:

	Water	Sewer	Sanitation	Total
Land	\$ 185,932	\$ 228,389	\$ 208,780	\$ 623,101
Construction in progress	-	16,638	-	16,638
Buildings and improvements	49,228	49,227	32,020	130,475
Distribution system	5,499,516	13,767,919	-	19,267,435
Intangible assets	41,469	41,469	41,469	124,407

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	Water	Sewer	Sanitation	Total
Equipment and furniture	\$ 477,783	\$ 1,199,846	\$ 12,995	\$ 1,690,624
Total	6,253,928	15,303,488	295,264	21,852,680
Less accumulated depreciation				
Buildings and improvements	10,960	10,960	5,107	27,027
Distribution system	1,369,113	1,310,660	-	2,679,773
Intangible assets	41,469	41,469	41,469	124,407
Equipment and furniture	275,681	825,114	12,995	1,113,790
Total accumulated depreciation	1,697,223	2,188,203	59,571	3,944,997
Total capital assets being depreciated (net of accumulated depreciation)	4,556,705	13,115,285	235,693	17,907,683
Right-to-use lease assets being amortized				
Equipment	7,663	7,663	7,663	22,989
Less accumulated amortization				
Equipment	2,624	2,624	2,624	7,872
Right-to-use lease assets being amortized (net of accumulated amortization)	5,039	5,039	5,039	15,117
Total business-type activities' capital assets (net)	\$ 4,561,744	\$ 13,120,324	\$ 240,732	\$ 17,922,800

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2022:

	September 30, 2021 (as restated)	Increases	Decreases	September 30, 2022
Capital assets not being depreciated				
Land	\$ 379,900	\$ 243,201	\$ -	\$ 623,101
Construction in progress	7,227,606	16,638	(7,227,606)	16,638

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	September 30, 2021 (as restated)	Increases	Decreases	September 30, 2022
Total capital assets not being depreciated	\$ 7,607,506	\$ 259,839	\$ (7,227,606)	\$ 639,739
Capital assets being depreciated				
Buildings and improvements	119,564	10,911	-	130,475
Distribution system	11,918,678	7,348,757	-	19,267,435
Intangible assets	124,407	-	-	124,407
Machinery and equipment	1,640,451	63,423	(13,250)	1,690,624
Total capital assets being depreciated	13,803,100	7,423,091	(13,250)	21,212,941
Less accumulated depreciation				
Buildings and improvements	18,862	8,165	-	27,027
Distribution system	1,997,483	682,290	-	2,679,773
Intangible assets	124,407	-	-	124,407
Machinery and equipment	997,442	129,598	(13,250)	1,113,790
Total accumulated depreciation	3,138,194	820,053	(13,250)	3,944,997
Total capital assets being depreciated, net	10,664,906	6,603,038	-	17,267,944
Right-to-use lease assets being amortized				
Equipment	22,989	-	-	22,989
Accumulated amortization				
Equipment	-	7,872	-	7,872
Right-to-use lease assets being amortized (net of accumulated amortization)	22,989	(7,872)	-	15,117
Total business-type activities' capital assets (net)	\$ 18,295,401	\$ 6,855,005	\$ (7,227,606)	\$ 17,922,800

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

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

Governmental activities	
General government	\$ 24,074
Public safety	294,539
Highways and streets	246,175
Maintenance	15,941
Culture and recreation	24,017
<hr/>	
Total depreciation and amortization expense - governmental activities	\$ 604,746

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

Business-type activities	
Water	\$ 234,097
Sewer	589,615
Sanitation	4,213
<hr/>	
Total depreciation and amortization expense - business-type activities	\$ 827,925

Long-term Debt and Liabilities

Hurricane Michael Recovery Revenue Note

In July 2021, the City issued \$15,000,000 Hurricane Recovery Revenue Note, Series 2021 for financing and reimbursing the City for certain costs associated with the construction and rebuilding of certain capital improvements related to Hurricane Michael response, recovery, and mitigation, as established by the Commission of the City. The note has a variable interest rate equal to (a) 79% of LIBOR rates, plus (b) 71 basis points. Interest on the note shall be payable semi-annually, commencing March 1, 2022, and each September and March 1 thereafter, and at the maturity of the note, calculated on a 30 over 360 day basis. Principal shall be paid at maturity on September 1, 2024. Interest rate in effect as of September 30, 2022 was 2.74%.

Community Disaster Loan

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

State Revolving Fund Loan DW0308010

The City borrowed \$2,796,462 under the State of Florida Revolving Fund Program on April 15, 2007 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The loan is secured by a pledge of gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the water system operations, including investment income. The remaining principal and interest payments on this debt as of September 30, 2022 totaled \$1,326,165. Principal and interest paid for the year ended September 30, 2022 and total pledged revenues were \$190,025 and \$517,212, respectively. Principal and interest payments were 37% of the pledged revenues for the year ended September 30, 2022.

State Revolving Fund Loan WW030501

The City borrowed \$5,604,730 under the State of Florida Revolving Fund Program on December 8, 2016 to finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system. The loan was amended July 19, 2018 to add an additional \$500,000 of available funding plus \$122,095 in loan service fees. The City has drawn on \$1,950,504 of available funds after loan forgiveness of \$4,154,226, which includes capitalized interest of \$597. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the sewer system operations, including investment income. The remaining principal and interest payments on this debt as of September 30, 2022 totaled \$1,719,077. Principal and interest paid for the year ended September 30, 2022 and total pledged revenues were \$104,186 and \$1,688,946, respectively. Principal and interest payments were 6% of the pledged revenues for the year ended September 30, 2022.

State Revolving Fund Loan WW030520

The City borrowed \$6,404,835 under the State of Florida Revolving Fund Program on March 8, 2019 to finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system. The City has drawn on \$2,352,310 of available funds after loan forgiveness of \$4,063,425, which includes capitalized interest of \$10,900. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the sewer system operations, including investment income. The remaining principal and interest payments on this debt as of September 30, 2022 totaled \$2,257,928. Principal and interest paid for the year ended September 30, 2022 and total pledged revenues were \$121,178 and \$1,688,946, respectively. Principal and interest payments were 7% of the pledged revenues for the year ended September 30, 2022.

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

The following is a summary of governmental activities notes payable for the year ended September 30, 2022:

For the years ending September 30,	Governmental Activities					
	Hurricane Michael		Community Disaster Loan			
	Recovery Note		Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 11,512	\$ -	\$ -	\$ -	\$ 11,512
2024	5,050,000	-	-	-	5,050,000	-
2025	-	-	2,902,896	28,862	2,902,896	28,862
Total	5,050,000	11,512	2,902,896	28,862	7,952,896	40,374
Current portion	-	(11,512)	-	-	-	(11,512)
Payable after one year	\$ 5,050,000	\$ -	\$ 2,902,896	\$ 28,862	\$ 7,952,896	\$ 28,862

The following is a summary of business-type activities notes payable for the year ended September 30, 2022:

<i>For the years ending September 30,</i>	Business-type Activities			
	State Revolving Fund Loan		State Revolving Fund Loan	
	DW0308010		WW030501	
	Principal	Interest	Principal	Interest
2023	\$ 158,717	\$ 30,735	\$ 103,354	\$ 833
2024	162,935	26,517	103,404	782
2025	167,265	22,187	103,455	732
2026	171,710	17,742	103,505	681
2027	176,273	13,179	103,556	630
2028-2032	366,724	12,181	518,546	2,385
2033-2037	-	-	519,832	1,102
2038-2041	-	-	156,202	78
Total	1,203,624	122,541	1,711,854	7,223
Current portion	(158,717)	(30,735)	(103,354)	(833)
Payable after one year	\$ 1,044,907	\$ 91,806	\$ 1,608,500	\$ 6,390

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (Continued)

<i>For the years ending September 30,</i>	Business-type Activities			
	State Revolving Fund Loan WW030520		Total	
	Principal	Interest	Principal	Interest
2023	\$ 124,300	\$ 2,307	\$ 386,371	\$ 33,875
2024	124,532	2,176	390,871	29,475
2025	124,663	2,045	395,383	24,964
2026	124,794	1,914	400,009	20,337
2027	124,925	1,783	404,754	15,592
2028-2032	626,594	6,946	1,511,864	21,512
2033-2037	629,891	3,649	1,149,723	4,751
2038-2041	356,810	599	513,012	677
Total	2,236,509	21,419	5,151,987	151,183
Current portion	(124,300)	(2,307)	(386,371)	(33,875)
Payable after one year	\$ 2,112,209	\$ 19,112	\$ 4,765,616	\$ 117,308

Leases-Lessee

The City has entered into a lease agreement to obtain the right-to-use copiers. The total annual rental for the copiers that the City paid for the fiscal year ended September 30, 2022 was 13,860. The lease has a 5 year term. Monthly payment amounts are \$1,155.

The City has entered into a lease agreement to obtain the right-to-use a postage machine. The total annual rental for the copiers that the City paid for the fiscal year ended September 30, 2022 was 1,290. The lease has a 5 year term. Monthly payment amounts are \$143.

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2022:

<i>For the years ending September 30,</i>	Principal Payments	Interest Expense	Total
2023	\$ 15,026	\$ 554	\$ 15,580
2024	5,013	172	5,185
2025	1,619	101	1,720
2026	1,672	48	1,720
2027	427	3	430
Total	\$ 23,757	\$ 878	\$ 24,635

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows for governmental activities:

Governmental activities	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 6,634,055	\$ 5,000,000	\$ (3,681,159)	\$ 7,952,896	\$ -
Financed purchase liability	229,874	-	(229,874)	-	-
Net pension liability	2,022,637	4,193,760	-	6,216,397	-
Other postemployment benefits liability	10,949,356	-	(8,020,615)	2,928,741	-
Lease liabilities	15,015	-	(6,538)	8,477	6,755
Compensated absences	65,280	80,838	(65,280)	80,838	12,126
Total governmental activities	\$19,916,217	\$ 9,274,598	\$(12,003,466)	\$ 17,187,349	\$ 18,881

Long-term liability activity for the year ended September 30, 2022, was as follows for business-type activities:

Business-type activities	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 6,021,365	\$ -	\$ (869,378)	\$ 5,151,987	\$ 386,371
Financed purchase liability	1,037,952	-	(130,828)	907,124	136,255
Net pension liability	88,675	183,861	-	272,536	-
Other postemployment benefits liability	1,783,026	-	(1,305,682)	477,344	-
Lease liabilities	15,018	7,971	(7,710)	15,279	8,298
Compensated absences	2,929	5,146	(2,929)	5,146	772
Total business-type activities	\$ 8,948,965	\$ 196,978	\$ (2,316,527)	\$ 6,829,416	\$ 531,696

As noted in Note 10, restatements related to the implementation of GASB 87 were required and reflected in the above table.

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.

City of Springfield, Florida
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances and activity for the year ended September 30, 2022 is as follows:

Transfer from							
	General Fund	Community Redevelopment Fund	Water Fund	Sewer Fund	Sanitation Fund	Total	
Transfer to:							
General Fund	\$ -	\$ -	\$ 108,000	\$ 108,000	\$ 108,000	\$	324,000
Water Fund	422,904	-	-	-	-		422,904
Sewer Fund	250,292	-	-	-	-		250,292
Total	\$ 673,196	\$ -	\$ 108,000	\$ 108,000	\$ 108,000	\$	997,196

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

The composition of interfund balances and activity for the year ended September 30, 2022 is as follows:

Due from							
	General Fund	Community Redevelopment Fund	Water Fund	Sewer Fund	Sanitation Fund	Total	
Due to:							
General Fund	\$ -	\$ 8,645	\$ -	\$ 4,530,040	\$ 263,759	\$	4,802,444
Water Fund	678,625	-	-	-	197,846		876,471
Sewer Fund	-	-	87,583	-	900		88,483
Total	\$ 678,625	\$ 8,645	\$ 87,583	\$ 4,530,040	\$ 462,505	\$	5,767,398

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, 2022.

Governmental activities	
Community redevelopment fund	\$ 41,281
Infrastructure tax	985,396
Law enforcement education	14,500
Total governmental activities	1,041,177
Business-type activities	
Impact fees	470,732
Debt service	149,351
Total business-type activities	620,083
Total	\$ 1,661,260

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 11,928,278	\$ 17,922,800	\$ 29,851,078
Outstanding debt related to capital assets	(5,058,477)	(6,074,390)	(11,132,867)
Net investment in capital assets	\$ 6,869,801	\$ 11,848,410	\$ 18,718,211

Deficit Balances

The water fund has a deficit unrestricted net position balance of \$1,441,190 at September 30, 2022.

The government-wide governmental activities has a deficit unrestricted net position balance of \$8,138,261 and total net position deficit of \$227,283 at September 30, 2022.

Note 4: PENSION PLANS

Description of Plans

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

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

The Florida Retirement System (FRS) Pension Plan (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.

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*.

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

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, 2022 were as follows:

	October 1, 2021 Through June 30, 2022		July 1, 2022 Through September 30, 2022	
	FRS	HIS	FRS	HIS
Regular class	9.16%	1.66%	10.25%	1.66%
Special risk	24.23%	1.66%	26.17%	1.66%
Elected officials	49.76%	1.66%	55.34%	1.66%
DROP participants	16.68%	1.66%	16.94%	1.66%

The City's contributions for the year ended September 30, 2022, were \$659,732 to FRS and \$69,054 to HIS.

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2022, the City 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, 2022. The City'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	\$ 5,346,502	\$ 1,142,431
Proportion at:		
Current measurement date	0.014369212%	0.010786204%
Prior measurement date	0.012701241%	0.009390444%
Pension expense (benefit)	\$ 859,256	\$ 110,222

City of Springfield, Florida
Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, 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	\$ 253,928	\$ -
Changes of assumptions	658,443	-
Net difference between projected and actual earnings on pension plan investments	353,029	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	508,508	239,128
Employer contributions subsequent to the measurement date	184,580	-
Total	\$ 1,958,488	\$ 239,128

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,675	\$ 5,027
Changes of assumptions	65,484	176,733
Net difference between projected and actual earnings on pension plan investments	1,654	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	211,806	28,422
Employer contributions subsequent to the measurement date	18,345	-
Total	\$ 331,964	\$ 210,182

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, 2022. 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
2023	\$ 394,658	\$ 27,562
2024	174,371	31,760
2025	(75,244)	28,007
2026	951,299	15,371
2027	89,696	1,855
Thereafter	-	(1,118)
Total	\$ 1,534,780	\$ 103,437

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for FRS was determined by an actuarial valuation dated July 1, 2022. The total pension liability for HIS was determined by an actuarial valuation dated July 1, 2022. 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	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 base table, generationally mortality using gender specific MP-2018 mortality improvement projection scale.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study of the FRS for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2022:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability was decreased from 6.80% to 6.70%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%.

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%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
	<u>100.0%</u>			

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.70%. 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 3.54% 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		
	Current		
	1% Decrease 5.70%	Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	\$ 9,246,407	\$ 5,346,502	\$ 2,085,717

City of Springfield, Florida Notes to Financial Statements

Note 4: PENSION PLANS (Continued)

Sensitivity Analysis (continued)

	HIS		
	1% Decrease	Current	1% Increase
	2.54%	Discount Rate 3.54%	4.54%
City's proportionate share of the net pension liability	\$ 1,307,035	\$ 1,142,431	\$ 1,006,225

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, 2022, the City reported payables to the pension plans in the amount of \$106,033.

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, 2022, totaled \$188,186.

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

City of Springfield, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funding Policy

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

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

Retirees' and beneficiaries	13
Active participants	80
<hr/>	
Total plan members	93
<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.

Actuarial Assumptions and Other Inputs

At the September 30, 2021 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.40 %
Salary increases	2.50 % including inflation
Discount rate	2.43 %
Health care cost trend rates	4.00 %
Retirees' share of benefit-related costs	100.0 % of projected health insurance premiums

The discount rate was selected based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. Eligible bonds must be rated as least AA by S&P, Aa2 by Moody's or AA by Fitch. The high quality bond index at September 30, 2021 was 2.43%.

City of Springfield, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions and Other Inputs (continued)

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

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

At September 30, 2022, the City reported a total OPEB liability of \$3,406,085. The information has been provided as of the September 30, 2021 measurement date.

September 30, 2022

Service cost	\$ 1,731,777
Interest	307,245
Differences between expected and actual experience	(4,640,325)
Changes in assumptions	(1,391,253)
Changes in benefit terms	(5,118,731)
Contributions - employer	-
Benefits (payments) refunds	(215,010)
Net Change in OPEB liability	(9,326,297)
Total OPEB liability, beginning of year	12,732,382
Total OPEB liability, end of year	\$ 3,406,085

Changes of assumptions reflect a change in the discount rate from 2.14%, for the reporting period ended September 30, 2021, to the 2.43% for the reporting period ended September 30, 2022.

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the discount rate of 2.43%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.43%) or one percentage point higher (3.43%) than the current rate:

	Current Discount		
	1 % Decrease	Rate	1% Increase
	1.43%	2.43%	3.43%
Net OPEB Liability	\$ 3,857,021	\$ 3,406,085	\$ 3,028,458

City of Springfield, Florida
Notes to Financial Statements

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability (continued)

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

	1 % Decrease 3.0%-6.5%	Current Trend Rate 4.0%-7.5%	1 % Increase 5.0%-8.5%
Net OPEB Liability	\$ 3,018,576	\$ 3,406,085	\$ 3,880,683

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

For the year ended September 30, 2022, the City, recognized OPEB expense (revenue) of \$(3,636,722). At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,748,417
Changes of assumptions	2,554,916	1,252,128
Employer contributions subsequent to the measurement date	149,826	-
Total	\$ 2,704,742	\$ 6,000,545

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

Measurement period ending September 30,	
2023	\$ (409,037)
2024	(409,037)
2025	(409,037)
2026	(409,037)
2027	(409,037)
Thereafter	(1,400,444)
Total	\$ (3,445,629)

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, 2022.

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.

Note 8: CONCENTRATIONS

The City purchases all of its residents' sanitation services from Waste Pro under an agreement dated September 12, 2016. The agreement was for a three year period from November 1, 2016 through November 1, 2019 with two automatic renewals of three years each unless notice is provided 90 days prior to expiration of the terms which did not occur as of September 30, 2022 to indicate the agreement was extended at year-end through November 1, 2025. During the year, the City paid these vendors \$948,260 under this contract for sanitation services provided to customers.

City of Springfield, Florida
Notes to Financial Statements

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, 2022, the City's investment in the joint venture was \$3,820,342. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Condensed financial statements of MPAWTF are as follows:

Statement of Net Position

September 30, 2022

<hr/>		
Assets		
Current assets	\$	11,641,595
Noncurrent assets		18,959,873
<hr/>		
Total assets		30,601,468
<hr/>		
Deferred outflows		
Deferred loss on bond refunding		328,559
<hr/>		
Liabilities		
Current liabilities		4,363,865
Noncurrent liabilities		3,771,429
<hr/>		
Total liabilities		8,135,294
<hr/>		
Net position	\$	22,794,733
<hr/>		

City of Springfield, Florida
Notes to Financial Statements

Note 9: INVESTMENT IN JOINT VENTURE (Continued)

Statement of Activities

Year ended September 30, 2022

Operating revenues	\$	5,351,626
Operating expenses		(5,395,751)
Operating income		(44,125)
Nonoperating revenues (expenses), net		1,791,810
Net income before distributions to owners		1,747,685
Distributions to owners		(18,067)
Change in net position		1,729,618
Net position, beginning		21,065,115
Net position, ending	\$	22,794,733

For the year ended September 30, 2022, the City had income from joint venture in the amount of \$320,176. As of September 30, 2022, the joint venture owes the City \$869,359.

The City's income from joint venture for the year ended September 30, 2022 is as follows:

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

Note 10: CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

In fiscal year 2022, the City implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of the respective lease liabilities as of September 30, 2021.

Subsequent to the issuance of the audited financial statements for the year ended September 30, 2021, the following adjustments were identified associated with fiscal year 2021 and before.

- The City reported revenue in the current year that was associated with a grant awarded in a prior year. The expenditures were reported in a previous period as well but revenues weren't received within a reasonable time after year end (i.e. should have been considered unavailable revenue at the fund level). This resulted in an understatement in deferred inflows (grants) and an overstatement in General Fund balance in the amount of \$866,638.

City of Springfield, Florida
Notes to Financial Statements

Note 10: CHANGE IN ACCOUNTING PRICIPLE AND PRIOR PERIOD ADJUSTMENT (Continued)

- Accrued interest related to a State Revolving Fund loan was understated in the Water Fund by \$79,575 which resulted in an overstated Water Fund net position.
- The investment in the joint venture was overstated in the Sewer Fund by \$57,379, which resulted in an overstatement in Sewer Fund net position.
- The City had reported a long term liability of \$993,678 for joint venture debt although not primarily obligated or obligated in some manner. The City should have been netting the amount due to the joint venture with the amount due from the joint venture (classification adjustment with no net effect to equity).

	General Fund	Governmental Activities
Fund balance/net position - beginning (as originally reported)	\$ 2,962,803	\$ (9,754,698)
Restatement adjustment		
Right-to-use lease assets	-	15,015
Lease liability	-	(15,015)
Total restatement adjustment	-	-
Prior period adjustments		
Understated deferred inflows (grants)	(866,638)	-
Total prior period adjustments	(866,638)	-
Fund balance/net position - beginning (as restated)	\$ 2,096,165	\$ (9,754,698)

	Water Fund	Sewer Fund	Sanitation Fund	Business-Type Activities
Fund balance/net position - beginning (as originally reported)	\$ 775,239	\$ 18,255,297	\$ 905,047	\$ 19,935,583
Restatement adjustment				
Right-to-use lease assets	5,006	5,006	5,006	15,018
Lease liability	(5,006)	(5,006)	(5,006)	(15,018)
Total restatement adjustment	-	-	-	-

(Continued)

City of Springfield, Florida
Notes to Financial Statements

Note 10: CHANGE IN ACCOUNTING PRICIPLE AND PRIOR PERIOD ADJUSTMENT (Continued)

	Water Fund	Sewer Fund	Sanitation Fund	Business-Type Activities
Prior period adjustments				
Understated accrued interest	\$ (79,575)	\$ -	\$ -	\$ (79,575)
Overstated joint venture investment	-	(57,379)	-	(57,379)
Total prior period adjustments	(79,575)	(57,379)	-	(136,954)
Fund balance/net position - beginning (as restated)	\$ 695,664	\$ 18,197,918	\$ 905,047	\$ 19,798,629

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, 2022

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Ad valorem taxes	\$ 980,275	\$ 970,442	\$ 982,082	\$ 11,640
Utility taxes	704,000	605,529	613,187	7,658
Local option gas tax	202,169	215,697	245,361	29,664
Communications services tax	141,040	136,968	148,144	11,176
Half-cent sales tax	2,118,465	2,467,662	2,499,234	31,572
Local business tax	12,000	13,542	13,542	-
Intergovernmental	717,698	820,422	820,423	1
Licenses and permits	692,692	667,033	640,473	(26,560)
Franchise fees	458,500	497,349	505,757	8,408
Charges for services	26,001	27,799	109,789	81,990
Fines and forfeitures	47,450	18,032	64,156	46,124
Rents	24,000	23,000	23,000	-
Interest	-	-	265	265
Grants	796,921	6,092,643	8,031,015	1,938,372
Contributions and donations	9,250	16,345	7,345	(9,000)
Other fees and miscellaneous	224,250	5,372,523	155,729	(5,216,794)
Total revenues	7,154,711	17,944,986	14,859,502	(3,085,484)
Expenditures				
Current				
General government				
Special governing	90,589	79,764	126,092	(46,328)
Administration	1,071,610	7,203,452	1,381,865	5,821,587
Total general government	1,162,199	7,283,216	1,507,957	5,775,259
Public safety				
Police	2,711,364	2,756,432	2,759,816	(3,384)
Fire	1,824,765	1,957,818	1,895,863	61,955
Protective services	256,952	145,043	125,808	19,235
Total public safety	4,793,081	4,859,293	4,781,487	77,806
Highways and streets	770,741	3,757,203	803,959	2,953,244
Maintenance	186,723	191,116	181,214	9,902
Culture and recreation	321,260	519,083	307,129	211,954

(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, 2022

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
Capital outlay				
General government	\$ 10,736	\$ 14,373	\$ 1,152,135	\$ (1,137,762)
Public safety	517,499	497,499	401,587	95,912
Highways and streets	229,878	211,399	3,223,704	(3,012,305)
Maintenance	6,700	33,721	28,221	5,500
Culture and recreation	12,000	39,021	407,248	(368,227)
Total capital outlay	776,813	796,013	5,212,895	(4,416,882)
Debt service				
General government	863,062	863,062	3,987,232	(3,124,170)
Total expenditures	8,873,879	18,268,986	16,781,873	1,487,113
Excess (deficit) of revenues over				
(under) expenditures	(1,719,168)	(324,000)	(1,922,371)	(1,598,371)
Other financing sources (uses)				
Debt proceeds	-	-	5,000,000	5,000,000
Insurance proceeds	-	-	19,417	19,417
Transfers from (to) other funds	1,719,168	324,000	(349,196)	(673,196)
Total other financing				
sources (uses)	1,719,168	324,000	4,670,221	4,346,221
Net change in fund balance	\$ -	\$ -	\$ 2,747,850	\$ 2,747,850

See independent auditors' report

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

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

9/30/21 - 2.14%

9/30/22 - 2.43%

See independent auditors' report

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

September 30,	2022	2021	2020	2019	2018
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -

Covered-employee payroll	\$ 3,620,148	\$ 3,425,598	\$ 3,342,047	\$ 2,938,588	\$ 2,866,915
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Contribution as a percentage of covered- employee payroll	0%	0%	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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
City's proportion of the net pension liability	0.0143692%	0.0127012%	0.0135115%	0.0141084%	0.0131160%	0.0118032%	0.0109979%	0.0100745%	0.0108840%	N/A
City's proportionate share of the net pension liability	\$ 5,346,502	\$ 959,433	\$ 5,856,063	\$ 4,858,720	\$ 3,950,601	\$ 3,492,491	\$ 2,776,988	\$ 1,301,259	\$ 664,085	N/A
City's covered payroll	\$ 3,935,519	\$ 3,324,419	\$ 3,184,526	\$ 3,166,880	\$ 2,958,706	\$ 2,644,578	\$ 2,468,455	\$ 2,273,026	\$ 2,334,996	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	135.85%	28.86%	183.89%	153.42%	133.52%	132.06%	112.50%	57.25%	28.44%	N/A
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

* Disclosures for 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

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Actuarially required contribution	\$ 659,732	\$ 498,513	\$ 446,050	\$ 455,038	\$ 392,854	\$ 319,764	\$ 284,439	\$ 252,308	\$ 245,848	N/A
Contributions in relation to the actuarially required contribution	(659,732)	(498,513)	(446,050)	(455,038)	(392,854)	(319,764)	(284,439)	(252,308)	(245,848)	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
City's covered payroll	\$ 4,183,482	\$ 3,341,151	\$ 3,176,383	\$ 3,229,751	\$ 3,028,629	\$ 2,700,307	\$ 2,604,097	\$ 2,314,821	\$ 2,284,080	N/A
Contributions as a percentage of covered payroll	15.77%	14.92%	14.04%	14.09%	12.97%	11.84%	10.92%	10.90%	10.76%	N/A

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

Notes to Schedule

Valuation Date: 7/1/22

Note 1: Actuarially determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported.

Note 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the 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 –
Health Insurance Subsidy Program

June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
City's proportion of the net pension liability	0.0107862%	0.0093904%	0.0090128%	0.0094691%	0.0090550%	0.0082968%	0.0079961%	0.0074845%	0.0078546%	N/A
City's proportionate share of the net pension liability	\$ 1,142,431	\$ 1,151,879	\$ 1,100,454	\$ 1,059,498	\$ 958,387	\$ 887,129	\$ 931,913	\$ 763,301	\$ 734,425	N/A
City's covered payroll	\$ 3,935,519	\$ 3,324,419	\$ 3,184,526	\$ 3,166,880	\$ 2,958,706	\$ 2,644,578	\$ 2,468,455	\$ 2,273,026	\$ 2,334,996	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	29.03%	34.65%	34.56%	33.46%	32.39%	33.55%	37.75%	33.58%	31.45%	N/A
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

* Disclosures for 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

<i>As of and for the year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 *
Actuarially required contribution	\$ 69,054	\$ 55,658	\$ 51,619	\$ 53,624	\$ 50,287	\$ 44,814	\$ 43,237	\$ 31,315	\$ 26,937	N/A
Contributions in relation to the actuarially required contribution	(69,054)	(55,658)	(51,619)	(53,624)	(50,287)	(44,814)	(43,237)	(31,315)	(26,937)	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
City's covered payroll	\$ 4,183,482	\$ 3,341,151	\$ 3,176,383	\$ 3,229,751	\$ 3,028,629	\$ 2,700,307	\$ 2,604,097	\$ 2,314,821	\$ 2,284,080	N/A
Contributions as a percentage of covered payroll	1.65%	1.67%	1.63%	1.66%	1.66%	1.66%	1.66%	1.35%	1.18%	N/A

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

Notes to Schedule

Valuation Date: 7/1/22

Note 1: Actuarially determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported.

Note 2: GASB Codification P20 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only the years for which information is available.

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 have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Government-wide Statement of Net Position, Balance Sheet - Governmental Funds, Statement of Net Position - Proprietary Funds of the governmental activities, the business-type activities, and each major fund, of the City of Springfield, Florida (City), as of September 30, 2022, and we were engaged to audit the related Statement of Activities, Statements of Revenues, Expenditures, and Changes in Fund Balances or Net Position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2023. Our report disclaims opinions on the Statement of Activities, Statements of Revenues, Expenditures, and Changes in Fund Balances or Net Position, and cash flows for the year ended September 30, 2022, and the related notes to the 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.

Report on 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 2022-001 through 2022-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-006, 2022-008, and 2022-009 to be significant deficiencies.

Report on Compliance and Other Matters

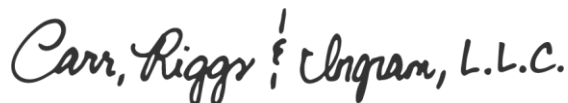
In connection with our engagement to audit the financial statements of the City, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-007.

City's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an 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.



CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
December 20, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Springfield, Florida's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

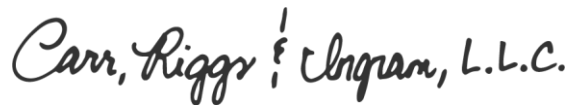
Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
December 20, 2023

City of Springfield, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)	21.027	COVID-19 American Rescue Plan Act - ARPA CSLFRF--Y5296	\$ 3,492,538	\$ -
Total Department of the Treasury			3,492,538	-
Department of Homeland Security				
Passed through Florida Division of Emergency Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4399 Federal Disaster--Z0855	3,745,743	-
Total Department of Homeland Security			3,745,743	-
Total Expenditures of Federal Awards			\$ 7,238,281	\$ -

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

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, 2022.

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, 2022, the City did not elect to use this rate.

Note 3: LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

The City of Springfield was awarded a loan of \$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, 2022, the City has accrued related expenses of \$6,404,835 on the project. In accordance with loan agreements, the City is obligated to repay \$2,341,410 of the balance after loan forgiveness of \$4,063,425 is applied. The City has repaid \$113,371 of the loan balance as of September 30, 2022 and is obligated to repay the remaining balance of \$2,228,039 in the future.

In August 2020, the City of Springfield was awarded \$2,902,896 loan from the Federal Emergency Management Agency under the Community Disaster Loan program, which was expended during 2021. This award is identified under ALN number 97.030, Community Disaster Loans. The principal and interest less any amounts that may be cancelled by the government pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, are due in September 2025.

Note 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, 2022

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued	Unmodified Opinion 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?	None Reported
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>ALN Number</u>	<u>Name of federal program</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
5. Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
6. Auditee qualified as low-risk auditee?	No

(Continued)

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

Section II – Financial Statement Findings

2022-001 Audit Adjusting Entries (prior years 2021-001 and 2020-001) (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 include hiring additional staff, which would be cost prohibitive. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

2022-002 Financial Statement and Schedule of Expenditures of Federal Awards Preparation (prior years 2021-002 and 2020-002) (initially reported in 2007)

Condition: Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards 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.

Effect: The auditors assist in the preparation while the City retains responsibility for them. Multiple entries were required to post grant revenues, receivables, and write-offs in the current year.

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

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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

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. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

2022-003 Bank Reconciliations (prior years 2021-003 and 2020-003) (initially reported in 2007)

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

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

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

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

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

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

2022-004 Account Balances (prior years 2021-005 and 2020-005) (initially reported in 2015)

Condition: Accounts receivable, customer deposits, and accounts payable accounts were not reconciled to the subsidiary ledgers at year-end on a regular basis throughout the year. The customer deposit subsidiary ledger did not agree to the general ledger by significant amounts originally although adjusted with an audit adjustment. Smaller differences were noted in comparison of accounts receivable and accounts payable accounts as balances were not regularly reconciled.

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

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

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

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

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

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

2022-005 Month-end Closing (prior years 2021-006 and 2020-006) (initially reported in 2010)

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

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

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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

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

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

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

2022-006 Segregation of Duties (prior years 2021-004 and 2020-005) (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 cross trained as backups in incompatible duties.

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

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

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

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

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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

2022-007 Final Budget Not Approved Within the Allowed Time Period Per Florida Statutes (initially reported in 2022)

Condition: The City's final budget was amended in December 2022, which is after the allowable period per Florida Statutes.

Criteria: The City violated provisions of the Florida Statutes by amending the 2022 budget after the first 60 days of the current year end.

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

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

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

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

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

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

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

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

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

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

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

City of Springfield, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2022

2022-009 Failure to Notify Actuary of Plan Change for Other Postemployment Benefits (initially reported in 2022)

Condition: The City had a significant change in their planned benefits that they did not originally report to the Actuary, leading to an error in the initial valuation.

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 City does not inform their actuary of changes to their plan benefits.

Effect: Inaccurately reported plan data can result in material errors in the calculated OPEB liability.

Cause: The City did not have a process in place to ensure their actuaries were notified when changes were made their plan benefits.

Recommendation: The City should implement controls to ensure that their actuaries are notified with plan benefits change.

Views of Responsible Officials and Planned Corrective Action: The human resources department has implemented additional procedures in order to ensure the City's actuaries are notified when any plan benefit is changed.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported for the year ended September 30, 2022.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2022

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
2021-001/ 2022-001	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.
2021-002/ 2022-002	Financial Statement/ Financial Statement and Schedule of Expenditures of Federal Awards Preparation	Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards 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.
2021-003/ 2022-003	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.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings (Continued)
Year Ended September 30, 2022

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2021-004/ 2022-006	Financial Statement/ Segregation of Duties	Due to the limited number of staff, the City does not have proper segregation of duties in many areas including user access within the accounting system. Daily activities should be structured in a way that one person isn't assigned the responsibility for more than one of the following responsibilities: the approval of transactions, the custody of assets, or the recording of transactions. At the City, even when daily activities are properly segregated, most staff is crossed trained as backups in incompatible duties. 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.	Partially Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources. The City has made changes since prior year to improve this condition particularly related to concerns over cash collections and adjustments.
2021-005/ 2022-004	Financial Statement/ Account Balances	Accounts receivable, customer deposits, and accounts payable accounts were not reconciled to the subsidiary ledgers at year-end on a regular basis throughout the year. The customer deposit subsidiary ledger did not agree to the general ledger by significant amounts. 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.	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, 2022

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2021-006/ 2022-005	Financial Statement/ Month-end Closing	The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management but has not been able to implement those processes and procedures.	Not Corrected	The City continues to work on implementing a documented close out process.
2021-009/ 2022-008	Financial Statement/ Collection and Write-off Policies and Procedures	The City does not have written policies and procedures related to sending outstanding accounts receivable to collections and writing off outstanding uncollectible balances.	Not Corrected	The City continues to work on improving their financial condition.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the Government-wide Statement of Net Position, Balance Sheet - Governmental Funds, Statement of Net Position - Proprietary Funds of the governmental activities, the business-type activities, and each major fund, of the City of Springfield, Florida (City), as of September 30, 2022, and we were engaged to audit the related Statement of Activities, Statements of Revenues, Expenditures, and Changes in Fund Balances or Net Position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2023. Our report disclaims opinions on the Statement of Activities, Statements of Revenues, Expenditures, and Changes in Fund Balances or Net Position, and cash flows for the year ended September 30, 2022, and the related notes to the 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.

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 on Internal Control over Compliance Required by the Uniform Guidance; 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 December 20, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Prior Year Findings and Recommendations

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established under a Charter in accordance with the Laws of Florida 57-1871. There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The City 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 review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we provided recommendations related to findings noted in the Independent 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 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.

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
December 20, 2023

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, 2022. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

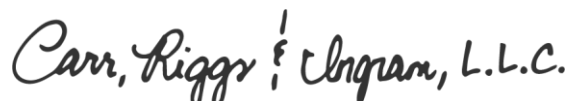
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with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

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2022.

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, LLC
Panama City Beach, Florida
December 20, 2023

CITY OF SPRINGFIELD

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



Ralph Hammond, Mayor

COMMISSIONERS:

Jack Griffis

Phillip Dykes

Jackie Kennington

Cindy Hamre

Corrective Action Plan September 30, 2022

2022-001 Audit Adjusting Entries

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 include hiring additional staff, which would be cost prohibitive. Management does not believe the investment required to eliminate this finding would provide sufficient benefit to justify the cost.

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

2022-002 Financial Statement and Schedule of Expenditures of Federal Awards and State Financial Assistance Preparation

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

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

2022-003 Bank Reconciliations

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

Anticipated Completion Date: September 30, 2024

Responsible Contact Person: Beth Strobel

CITY OF SPRINGFIELD

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Ralph Hammond, Mayor

COMMISSIONERS:

Jack Griffis

Phillip Dykes

Jackie Kennington

Cindy Hamre

2022-004 Account Balances

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

Anticipated Completion Date: September 30, 2024

Responsible Contact Person: Beth Strobel

2022-005 Month-end Closing

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

Anticipated Completion Date: September 30, 2024

Responsible Contact Person: Beth Strobel

2022-006 Separation of Duties

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

Anticipated Completion Date: September 30, 2025

Responsible Contact Person: Beth Strobel

CITY OF SPRINGFIELD

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Ralph Hammond, Mayor

COMMISSIONERS:

Jack Griffis

Phillip Dykes

Jackie Kennington

Cindy Hamre

2022-007 Final Budget Not Approved Within the Allowed Time Period Per Florida Statutes

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

Anticipated Completion Date: September 30, 2023

Responsible Contact Person: Beth Strobel

2022-008 Collection and Write-off Policies and Procedures

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

Anticipated Completion Date: September 30, 2023

Responsible Contact Person: Beth Strobel

2022-009 Failure to Notify Actuary of Plan Change for Other Postemployment Benefits

Views of Responsible Officials and Planned Corrective Action: The human resources department has implemented additional procedures in order to ensure the City's actuaries are notified when any plan benefit is changed.

Anticipated Completion Date: September 30, 2024

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:

Jack Griffis

Phillip Dykes

Jack Kennington

Cindy Hamre

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 the 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 implements 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
Beth Strobel – Finance Director

STATE OF FLORIDA

COUNTY OF BAY

SWORN TO AND SUBSCRIBED before me this 9th day of November, 2023.

Teresa Miller Cox
NOTARY PUBLIC

Print Name Teresa Miller Cox

Personally Known ☒ or produced identification _____

Type of identification produced: _____

Commission Expires:

April 2, 2027

