

CITY OF HIGH SPRINGS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024



**CITY OF HIGH SPRINGS, FLORIDA
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SEPTEMBER 30, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of High Springs, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Unmodified Opinions on the General Fund, Downtown Development Fund, Special Revenue Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the general fund, downtown development fund, special revenue fund, and aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Governmental Activities, Business-Type Activities, Water Fund, Solid Waste Fund, and Sewer Fund

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions the Governmental Activities, Business-Type Activities, Water Fund, Solid Waste Fund, and Sewer Fund

As discussed in Note (10) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund has not been determined.

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

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 GAAS and GAS 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 GAAS and GAS, 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 and required supplementary information, as listed in the table of contents, 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 financial statements. The schedule of expenditures of state financial assistance as required by the audit requirements of Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2026, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Gainesville, Florida

May 21, 2026

**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

As management of the City of High Springs, Florida, we offer readers of the City of High Springs, Florida's financial statements this narrative overview and analysis of the financial activities of the City of High Springs, Florida for the fiscal year ended September 30, 2024.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of High Springs, Florida's basic financial statements. The City of High Springs, Florida's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City of High Springs, Florida's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of High Springs, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of High Springs, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of High Springs, Florida include general government, public safety, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City of High Springs, Florida include water, solid waste, and sewer operations.

The government-wide financial statements can be found on pages 14 – 15 of this report.

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

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

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

The City of High Springs, Florida maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, and downtown development fund which are all considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this financial statement reporting package.

The City of High Springs, Florida adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and major special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 – 21 of this report.

Proprietary funds. The City of High Springs, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of High Springs, Florida uses enterprise funds to account for its water, solid waste, and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, solid waste, and sewer operation, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 22 – 24 of this report.

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

The basic fiduciary fund statement can be found on pages 25 – 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 – 45 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of High Springs, Florida, assets and deferred outflows of resources exceeded liabilities by \$19,773,227 at the close of the most recent fiscal year.

By far the largest portion of the City of High Springs, Florida's net position (116 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of High Springs, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of High Springs, Florida's investment in its capital assets is reported net of related debt, it should be noted that 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.

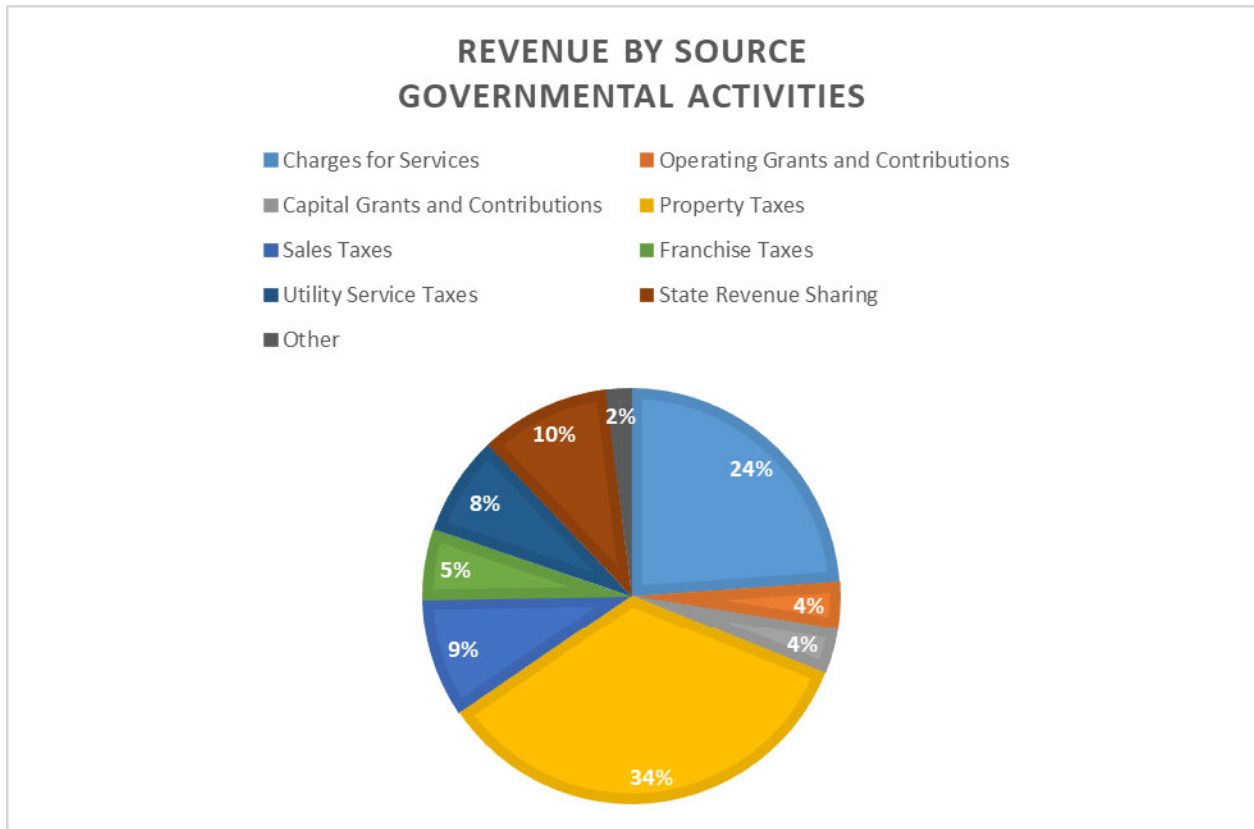
City of High Springs, Florida's Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	5,725,109	5,364,077	1,823,104	1,106,418	7,548,213	6,470,495
Capital assets	8,624,088	8,055,883	26,497,599	22,577,363	35,121,687	30,633,246
	14,349,197	13,419,960	28,320,703	23,683,781	42,669,900	37,103,741
Total deferred outflows of resources	2,424,191	2,576,454	171,415	204,425	2,595,606	2,780,879
Long-term liabilities outstanding	9,712,760	9,978,722	10,187,970	10,689,509	19,900,730	20,668,231
Other liabilities	700,826	775,490	4,092,215	753,335	4,793,041	1,528,825
Total liabilities	10,413,586	10,754,212	14,280,185	11,442,844	24,693,771	22,197,056
Total deferred inflows of resources	745,775	179,375	52,733	14,232	798,508	193,607
Net position:						
Net investment in capital assets	6,157,518	5,833,870	16,835,323	12,497,889	22,992,841	18,331,759
Restricted	1,284,205	993,864	2,459,787	1,327,499	3,743,992	2,321,363
Unrestricted	(1,827,696)	(1,764,907)	(5,135,910)	(1,394,258)	(6,963,606)	(3,159,165)
Total net position	5,614,027	5,062,827	14,159,200	12,431,130	19,773,227	17,493,957

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

An additional portion of the City of High Springs, Florida’s net position (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* had a deficit of \$5,135,910.

Governmental activities. In the prior year, governmental activities decreased the City of High Springs, Florida’s net position by \$2,247,321 due mainly to major ongoing capital projects and expenditure of ARPA funds.

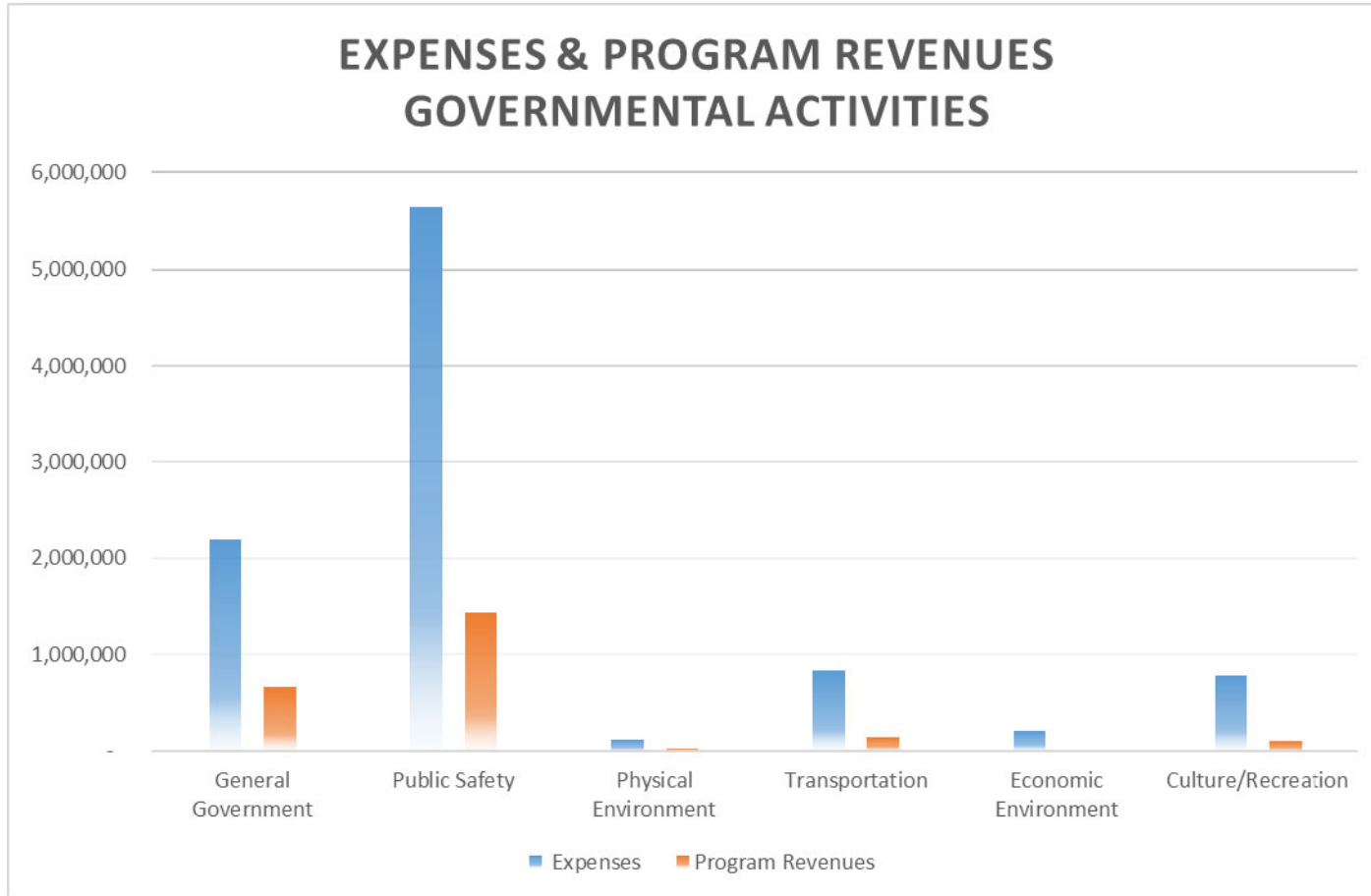


CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

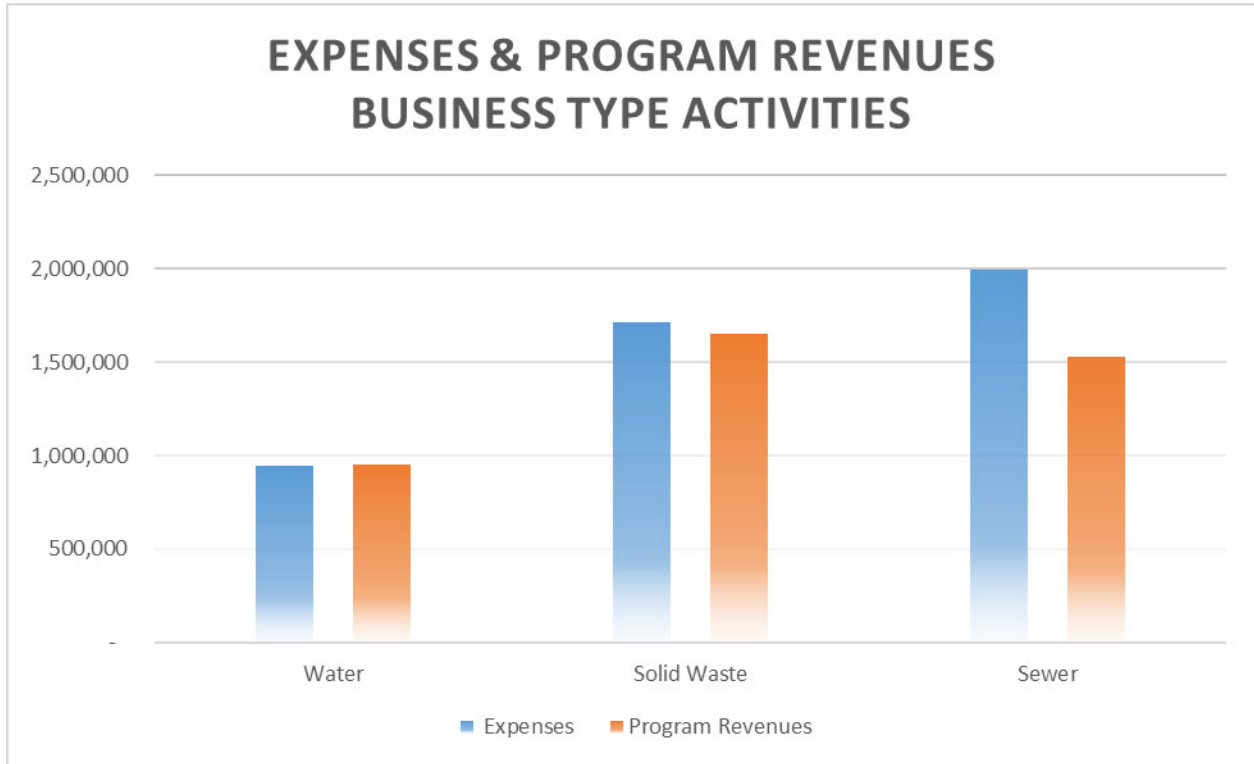
City of High Springs, Florida's Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,355,838	\$ 2,168,795	\$ 4,133,064	\$ 3,759,234	\$ 6,488,902	\$ 5,928,029
Operating grants and contributions	363,116	381,294	-	-	\$ 363,116	381,294
Capital grants and contributions	350,008	-	2,625,850	1,999,058	\$ 2,975,858	1,999,058
General revenues:						
Property taxes	3,390,856	2,438,760	-	-	\$ 3,390,856	2,438,760
Other taxes	3,214,914	2,729,759	-	-	\$ 3,214,914	2,729,759
Other	192,967	87,060	62,009	88,849	\$ 254,976	175,909
Total revenues	9,867,699	7,805,668	6,820,923	5,847,141	16,688,622	13,652,809
Expenses:						
General government	2,188,643	2,790,885	-	-	2,188,643	2,790,885
Public safety	5,642,281	5,782,136	-	-	5,642,281	5,782,136
Physical environment	110,438	88,404	-	-	110,438	88,404
Transportation	832,912	1,072,918	-	-	832,912	1,072,918
Economic environment	202,163	271,886	-	-	202,163	271,886
Culture and recreation	782,205	1,035,594	-	-	782,205	1,035,594
Water	-	-	942,746	1,809,438	942,746	1,809,438
Solid waste	-	-	1,715,393	1,223,996	1,715,393	1,223,996
Sewer	-	-	1,992,571	1,544,318	1,992,571	1,544,318
Total expenses	9,758,642	11,041,823	4,650,710	4,577,752	14,409,352	15,619,575
Increase (decrease) in Net position before transfers	109,057	(3,236,155)	2,170,213	1,269,389	2,279,270	(1,966,766)
Transfers	442,143	932,069	(442,143)	(932,069)	-	-
Increase (decrease) in Net position	551,200	(2,304,086)	1,728,070	337,320	2,279,270	(1,966,766)
Net position, beginning of year	5,062,827	7,366,913	12,431,130	12,093,810	17,493,957	19,460,723
Net position, end of year	\$ 5,614,027	\$ 5,062,827	\$ 14,159,200	\$ 12,431,130	\$ 19,773,227	\$ 17,493,957

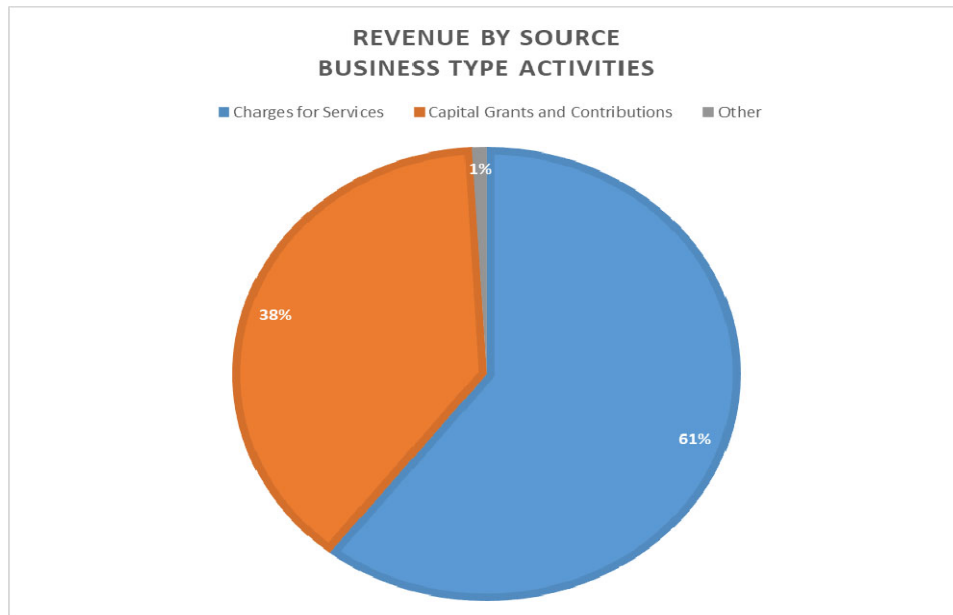
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)



**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)**



Business-type activities. Business-type activities increased the City of High Springs, Florida’s net position by \$1,728,070 due to an increase in investment in capital assets.



CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Financial Analysis of the Government's Funds

As noted earlier, the City of High Springs, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of High Springs, Florida's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of High Springs, Florida's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of High Springs, Florida's governmental funds reported combined ending fund balances of \$5,024,283. Approximately 16 percent of this total amount \$816,217 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it has already been committed for prepaid expenses, assessments, capital projects, debt service, public safety, physical environment, transportation, economic environment, or culture/recreation expenditures.

The general fund is the chief operating fund of the City of High Springs, Florida. At the end of the current fiscal year, unassigned fund balance of the general fund was \$816,217. As a measure of the general fund's liquidity, it may be useful to compare assigned and unassigned fund balance to total fund expenditures, which represents 11 percent of total general fund expenditures.

The fund balance of the City of High Springs, Florida's general fund decreased by \$454,917 during the current fiscal year.

Proprietary funds. The City of High Springs, Florida's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Solid Waste, and Sewer funds at the end of the year amounted to \$(2,195,127), \$(229,104), and \$(2,711,779), respectively. The changes in net position for the Water, Solid Waste and Sewer funds were \$(287,706), \$(185,432), and \$2,201,208, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of High Springs, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of High Springs, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2024 amounts to \$35,121,687 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, park facilities and roads. The total increase in the City of High Springs, Florida's investment in capital assets for the current fiscal year was \$4,488,441.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Major capital asset events during the current fiscal year included the following:

- Completion of Well #3 in the Water System
- Ongoing construction on Wastewater Treatment Plant and Infiltrative Wetlands
- Completion of installation of AMI (Automated metering infrastructure) in the Water System
- Commencement of Park Master Plan
- Completion of Catherine Taylor Park - Douglass Community Center Building
- Commencement of construction of Priest Theatre

City of High Springs, Florida's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	824,661	\$ 824,661	\$ 404,668	\$ 404,668	1,229,329	\$ 1,229,329
Construction in progress	483,841	94,854	8,677,922	5,669,331	9,161,763	5,764,185
Buildings	2,714,837	2,468,026	1,092,949	1,149,439	3,807,786	3,617,465
Improvements other than buildings	1,493,236	1,484,177	16,094,463	15,076,348	17,587,699	16,560,525
Machinery and equipment	3,107,513	3,184,165	227,597	277,577	3,335,110	3,461,742
Total	8,624,088	\$ 8,055,883	\$ 26,497,599	\$ 22,577,363	\$ 35,121,687	\$ 30,633,246

Additional information on the City of High Springs, Florida's capital assets can be found in Note 6 on pages 34 – 35 of this report.

Long-term debt. At the end of the current fiscal year, the City of High Springs, Florida had total bonded debt outstanding of \$9,489,113. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of High Springs, Florida's Outstanding Debt
Notes Payable and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Leases payable	\$ 2,102,570	\$ 2,041,679	\$ 173,163	\$ 225,311	\$ 2,275,733	\$ 2,266,990
Notes Payable	364,000	451,000			364,000	451,000
Revenue bonds		-	9,489,113	9,854,163	9,489,113	9,854,163
Total	\$ 2,466,570	\$ 2,492,679	9,662,276	\$ 10,079,474	\$ 12,128,846	\$ 12,572,153

Additional information on the City of High Springs, Florida's long-term debt can be found in Notes 7 and 8 on pages 36 – 38 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(Continued)

Economic Factors and Next Year's Budgets and Rates

- Completion of installation of Automated Metering Infrastructure in the Water System will provide remote meter reading, replacing over 2,700 older meters currently at various levels of functionality. This will serve to ensure proper billing for the water and sewer systems and decrease lost revenues. This project is being paid for with loan proceeds of \$2,350,000, which will be paid off in FY33.
- Construction on a second wastewater treatment plant and infiltrative wetlands commenced in FY23, continued through FY24 with completion in FY25. Once the new plant is online, the existing plant will be refurbished to increase capacity for future years. The Florida Department of Environmental Protection has provided grant funding for this project, which was increased to \$10,895,098 effective July 1, 2023, which will carry the project to completion.
- A Parks Master Plan is underway and will be completed in FY25 and will provide guidance for the city to intentionally and thoughtfully expand and improve the parks and open space in phases over the next ten years.
- Renovation of a vacant city building to create the Douglass Community Center and construction finalized during FY24.
- Commencement of the renovation of Priest Theatre in FY24 with expected completion date in FY25. The total cost of the project is estimated at \$1,040,450.

All of these factors were considered in preparing the City of High Springs, Florida's budget for the 2024/2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of High Springs, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Jeremy Marshall, City Manager, 23718 W US Hwy 27, High Springs, Florida 32643.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,400,780	\$ 639	\$ 2,401,419
Restricted cash	-	978,292	978,292
Receivables, net	648,892	815,076	1,463,968
Interfund balances	2,675,437	(2,675,437)	-
Inventories	-	29,097	29,097
Capital assets, not being depreciated	1,308,502	9,082,590	10,391,092
Capital assets, being depreciated, net	7,315,586	17,415,009	24,730,595
Total Assets	<u>\$ 14,349,197</u>	<u>\$ 25,645,266</u>	<u>\$ 39,994,463</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 2,424,191</u>	<u>\$ 171,415</u>	<u>\$ 2,595,606</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 657,236	\$ 946,767	\$ 1,604,003
Customer deposits payable	-	438,136	438,136
Accrued interest payable	-	31,785	31,785
Unearned revenue	43,590	-	43,590
Noncurrent liabilities:			
Due within one year			
Bonds and leases payable	464,976	432,100	897,076
Compensated absences	187,171	17,255	204,426
Due in more than one year			
Bonds and leases payable	2,001,594	9,230,176	11,231,770
Compensated absences	436,731	40,263	476,994
Net pension liability	6,622,288	468,266	7,090,554
Total Liabilities	<u>\$ 10,413,586</u>	<u>\$ 11,604,748</u>	<u>\$ 22,018,334</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 745,775</u>	<u>\$ 52,733</u>	<u>\$ 798,508</u>
NET POSITION			
Net investment in capital assets	\$ 6,157,518	\$ 16,835,323	\$ 22,992,841
Restricted for:			
Debt service	-	930,082	930,082
Capital projects	-	1,529,705	1,529,705
Public safety	87,240	-	87,240
Transportation	207,030	-	207,030
Community redevelopment	310,601	-	310,601
Wild Spaces Public Places	403,226	-	403,226
Building department	276,108	-	276,108
Unrestricted	(1,827,696)	(5,135,910)	(6,963,606)
Total Net Position	<u>\$ 5,614,027</u>	<u>\$ 14,159,200</u>	<u>\$ 19,773,227</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,188,643	\$ 665,379	\$ -	\$ -	\$ (1,523,264)	\$ -	\$ (1,523,264)
Public safety	5,642,281	1,430,075	44,880	-	(4,167,326)	-	(4,167,326)
Physical environment	110,438	19,200	-	-	(91,238)	-	(91,238)
Transportation	832,912	142,319	318,236	-	(372,357)	-	(372,357)
Economic environment	202,163	-	-	-	(202,163)	-	(202,163)
Culture/recreation	782,205	98,865	-	350,008	(333,332)	-	(333,332)
Total governmental activities	<u>9,758,642</u>	<u>2,355,838</u>	<u>363,116</u>	<u>350,008</u>	<u>(6,689,680)</u>	<u>-</u>	<u>(6,689,680)</u>
Business-type activities:							
Water	942,746	948,838	-	8,000	-	14,092	14,092
Solid waste	1,715,393	1,654,321	-	-	-	(61,072)	(61,072)
Sewer	1,992,571	1,529,905	-	2,617,850	-	2,155,184	2,155,184
Total business-type activities	<u>4,650,710</u>	<u>4,133,064</u>	<u>-</u>	<u>2,625,850</u>	<u>-</u>	<u>2,108,204</u>	<u>2,108,204</u>
Total primary government	<u>\$ 14,409,352</u>	<u>\$ 6,488,902</u>	<u>\$ 363,116</u>	<u>\$ 2,975,858</u>	<u>(6,689,680)</u>	<u>2,108,204</u>	<u>(4,581,476)</u>
General revenues:							
Property taxes					3,390,856	-	3,390,856
Sales taxes					913,426	-	913,426
Franchise fees					543,109	-	543,109
Utility service taxes					763,385	-	763,385
Intergovernmental					994,994	-	994,994
Miscellaneous					140,255	-	140,255
Unrestricted investment earnings					52,712	62,009	114,721
Transfers					442,143	(442,143)	-
Total general revenues and transfers					<u>7,240,880</u>	<u>(380,134)</u>	<u>6,860,746</u>
Change in net position					551,200	1,728,070	2,279,270
Net position - beginning, as restated (see Note 13)					5,062,827	12,431,130	17,493,957
Net position - ending					<u>\$ 5,614,027</u>	<u>\$ 14,159,200</u>	<u>\$ 19,773,227</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	<u>General</u>	<u>Downtown Development Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,814,293	\$ 586,196	\$ 291	\$ 2,400,780
Receivables, net	181,382	-	-	181,382
Due from other governments	346,477	-	121,033	467,510
Due from other funds	2,375,933	380,385	1,565,607	4,321,925
Advances to other funds	2,675,437	-	-	2,675,437
Total assets	<u>\$ 7,393,522</u>	<u>\$ 966,581</u>	<u>\$ 1,686,931</u>	<u>\$ 10,047,034</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 570,727	\$ -	\$ 84,467	\$ 655,194
Due to other governments	2,100	-	-	2,100
Due to other funds	3,285,509	655,980	380,436	4,321,925
Unearned revenue	43,532	-	-	43,532
Total liabilities	<u>3,901,868</u>	<u>655,980</u>	<u>464,903</u>	<u>5,022,751</u>
FUND BALANCES				
Nonspendable for advances from other funds	2,675,437	-	-	2,675,437
Restricted for:				
Transportation	-	-	207,030	207,030
Community redevelopment	-	310,601	-	310,601
Wild Spaces Public Places	-	-	403,226	403,226
Building department	-	-	276,108	276,108
Public safety	-	-	87,240	87,240
Committed to:				
Cemetery	-	-	248,424	248,424
Assigned to:				
ARPA transition Projects	-	-	-	-
Subsequent year's budget	-	-	-	-
Unassigned	816,217	-	-	816,217
Total fund balances	<u>3,491,654</u>	<u>310,601</u>	<u>1,222,028</u>	<u>5,024,283</u>
Total liabilities and fund balances	<u>\$ 7,393,522</u>	<u>\$ 966,581</u>	<u>\$ 1,686,931</u>	<u>\$ 10,047,034</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Fund balances - total governmental funds \$ 5,024,283

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.

Total governmental capital assets	20,279,073	
Less: Accumulated depreciation	<u>(11,654,985)</u>	8,624,088

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

Net pension liability	(6,622,288)	
Deferred outflows related to pensions	2,424,191	
Deferred inflows related to pensions	<u>(745,775)</u>	(4,943,872)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Leases payable	(364,000)	
Capital leases payable	(2,102,570)	
Compensated absences	<u>(623,902)</u>	(3,090,472)

Net position of governmental activities \$ 5,614,027

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Downtown Development Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Taxes	\$ 3,860,633	\$ 291,482	\$ 318,236	\$ 4,470,351
Franchise fees	543,109	-	-	543,109
Licenses and permits	14,721	-	590,388	605,109
Intergovernmental	1,334,497	-	1,392,710	2,727,207
Charges for services	469,110	-	782,231	1,251,341
Fines and forfeitures	15,667	-	-	15,667
Rents and royalties	36,689	12,000	-	48,689
Interest	48,963	4,000	1,875	54,838
Miscellaneous	25,807	-	29,265	55,072
Total revenues	<u>6,349,196</u>	<u>307,482</u>	<u>3,114,705</u>	<u>9,771,383</u>
Expenditures				
Current:				
General government	2,146,197	-	-	2,146,197
Public safety	2,529,266	-	2,306,282	4,835,548
Physical environment	45,705	-	-	45,705
Transportation	649,857	-	33,611	683,468
Economic environment	-	161,186	-	161,186
Culture/recreation	555,094	-	56,160	611,254
Debt service:				
Principal	182,842	-	244,310	427,152
Interest	41,056	-	33,978	75,034
Capital outlay	1,026,048	-	517,928	1,543,976
Total expenditures	<u>7,176,065</u>	<u>161,186</u>	<u>3,192,269</u>	<u>10,529,520</u>
Excess (deficiency) of revenues over expenditures	<u>(826,869)</u>	<u>146,296</u>	<u>(77,564)</u>	<u>(758,137)</u>
Other financing sources (uses)				
Issuance of leases	565,786	-	-	565,786
Proceeds from sale of capital assets	26,505	29,396	71,181	127,082
Transfers in	1,227,153	-	1,040,048	2,267,201
Transfers out	(1,447,492)	(27,625)	(349,941)	(1,825,058)
Total other financing sources (uses)	<u>371,952</u>	<u>1,771</u>	<u>761,288</u>	<u>1,135,011</u>
Net change in fund balances	<u>(454,917)</u>	<u>148,067</u>	<u>683,724</u>	<u>376,874</u>
Fund balances, beginning of year, as restated (see Note 13)	3,946,571	162,534	538,304	4,647,409
Fund balances, end of year	<u>\$ 3,491,654</u>	<u>\$ 310,601</u>	<u>\$ 1,222,028</u>	<u>\$ 5,024,283</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balances - total governmental funds	\$ 376,874
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the	
Capital outlay expenditures	1,543,976
Depreciation expense	(992,106)
Lease proceeds are reported as financing sources in the governmental funds. However, the issuance of	
These amounts are as follows:	
Lease proceeds	(565,786)
Lease principal payments	427,152
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported.	
However, in governmental funds, the proceeds from the sale increases financial resources.	
Thus, the change in net position differs from the change in fund balance by the cost of	
the capital assets sold/disposed.	(30,766)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in	
Change in net pension liability and deferred inflows/outflows related to pensions	(252,338)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not	
These adjustments are as follows:	
Change in compensated absences liability	44,194
Change in net position of governmental activities	<u><u>\$ 551,200</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 3,749,694	\$ 3,859,752	\$ 3,860,633	\$ 881
Franchise fees	501,472	503,851	543,109	39,258
Licenses and permits	25,160	14,721	14,721	-
Intergovernmental	719,540	1,334,259	1,334,497	238
Charges for services	416,801	333,790	469,110	135,320
Fines and forfeitures	29,880	15,667	15,667	-
Rents and royalties	25,250	36,690	36,689	(1)
Interest	33,000	36,652	48,963	12,311
Miscellaneous	54,601	7,948	25,807	17,859
Total revenues	<u>5,555,398</u>	<u>6,143,330</u>	<u>6,349,196</u>	<u>205,866</u>
Expenditures				
Current:				
General government	2,256,602	2,315,878	2,152,101	163,777
Public safety	2,769,547	2,898,488	3,377,554	(479,066)
Physical environment	67,081	46,624	45,705	919
Transportation	703,500	692,464	649,857	42,607
Culture/recreation	395,864	554,513	950,848	(396,335)
Total expenditures	<u>6,192,594</u>	<u>6,507,967</u>	<u>7,176,065</u>	<u>(668,098)</u>
Excess (deficiency) of revenues over expenditures	<u>(637,196)</u>	<u>(364,637)</u>	<u>(826,869)</u>	<u>(462,232)</u>
Other financing sources (uses)				
Issuance of leases	-	-	565,786	565,786
Proceeds from sale of capital assets	94,000	26,505	26,505	-
Transfers in	1,309,636	1,197,000	1,227,153	30,153
Transfers out	(901,418)	(1,042,144)	(1,447,492)	(405,348)
Total other financing sources (uses)	<u>502,218</u>	<u>181,361</u>	<u>371,952</u>	<u>190,591</u>
Net change in fund balance	<u>(134,978)</u>	<u>(183,276)</u>	<u>(454,917)</u>	<u>(271,641)</u>
Fund balance, beginning of year, as restated (see Note 13)	3,946,571	3,946,571	3,946,571	-
Fund balance, end of year	<u>\$ 3,811,593</u>	<u>\$ 3,763,295</u>	<u>\$ 3,491,654</u>	<u>\$ (271,641)</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND AND DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Fund				Downtown Development Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
Revenues								
Taxes	\$ 320,000	\$ 318,236	\$ 318,236	\$ -	249,470	291,482	\$ 291,482	\$ -
Licenses and permits	415,250	590,577	590,388	(189)	-	-	-	-
Intergovernmental	997,030	1,016,904	1,392,710	375,806	-	-	-	-
Charges for service	715,000	763,031	782,231	19,200	-	-	-	-
Rents and royalties	-	-	-	-	12,000	11,000	12,000	1,000
Interest	2,000	1,876	1,875	(1)	100	4,000	4,000	-
Miscellaneous	-	26,625	29,265	2,640	-	-	-	-
Total revenues	<u>2,449,280</u>	<u>2,717,249</u>	<u>3,114,705</u>	<u>397,456</u>	<u>261,570</u>	<u>306,482</u>	<u>307,482</u>	<u>1,000</u>
Expenditures								
Current:								
Public safety	2,662,890	2,343,132	2,306,282	36,850	-	-	-	-
Transportation	249,000	33,611	33,611	-	-	-	-	-
Economic environment	-	-	-	-	426,447	169,569	161,186	8,383
Culture/recreation	810,111	484,151	56,160	427,991	-	-	-	-
Debt Service:								
Principal	288,806	278,288	244,310	33,978	-	-	-	-
Interest	-	-	33,978	(33,978)	-	-	-	-
Capital outlay	45,629	92,040	517,928	(425,888)	20,000	86	-	86
Total expenditures	<u>4,056,436</u>	<u>3,231,222</u>	<u>3,192,269</u>	<u>38,953</u>	<u>446,447</u>	<u>169,655</u>	<u>161,186</u>	<u>8,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,607,156)</u>	<u>(513,973)</u>	<u>(77,564)</u>	<u>436,409</u>	<u>(184,877)</u>	<u>136,827</u>	<u>146,296</u>	<u>9,469</u>
Other financing sources (uses)								
Transfers in	1,001,418	883,156	1,040,048	156,892	-	-	-	-
Transfers out	(302,588)	(330,742)	(349,941)	(19,199)	(27,500)	(27,625)	(27,625)	-
Proceeds from sale of assets	3,500	70,946	71,181	235	-	29,396	29,396	-
Total other financing sources (uses)	<u>702,330</u>	<u>623,360</u>	<u>761,288</u>	<u>137,928</u>	<u>(27,500)</u>	<u>1,771</u>	<u>1,771</u>	<u>-</u>
Net change in fund balances	<u>(904,826)</u>	<u>109,387</u>	<u>683,724</u>	<u>574,337</u>	<u>(212,377)</u>	<u>138,598</u>	<u>148,067</u>	<u>9,469</u>
Fund balances, beginning of year, as restated (see Note 13)	538,304	538,304	538,304	-	162,534	162,534	162,534	-
Fund balances, end of year	<u>\$ (366,522)</u>	<u>\$ 647,691</u>	<u>\$ 1,222,028</u>	<u>\$ 574,337</u>	<u>\$ (49,843)</u>	<u>\$ 301,132</u>	<u>\$ 310,601</u>	<u>\$ 9,469</u>

Reconciliation on Budgetary Basis to Demonstrate Budgetary Compliance by Fund within the Special Revenue Fund

	Original	Final	Actual Amounts	Variance with Final Budget
Fire expenditures	\$ 2,515,323	\$ 2,208,232	\$ 2,230,288	\$ (22,056)
Transportation expenditures	518,258	303,269	303,268	1
Building expenditures	412,750	392,295	387,378	4,917
Wild Spaces Public Places expenditures	912,693	577,143	149,152	427,991
Police expenditures	-	53,271	75,170	(21,899)
Other culture/recreation expenditures	-	27,754	46,954	(19,200)
Other general government	-	-	350,000	(350,000)
	<u>\$ 4,359,024</u>	<u>\$ 3,561,964</u>	<u>\$ 3,542,210</u>	<u>\$ 19,754</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 73	\$ -	\$ 566	\$ 639
Restricted cash:				
Customer deposits	220,846	230,075	-	450,921
Revenue bond covenant accounts	-	-	254,680	254,680
Accounts receivable, net	157,404	24,739	632,933	815,076
Due from other funds	27,906	-	73,000	100,906
Inventories	2,328	-	26,769	29,097
Total current assets	<u>408,557</u>	<u>254,814</u>	<u>987,948</u>	<u>1,651,319</u>
Noncurrent assets:				
Restricted cash:				
Revenue bond covenant account	-	-	222,651	222,651
Capital improvements	-	-	11,275	11,275
Impact fee	38,765	-	-	38,765
Capital assets, not being depreciated	1,686,124	-	7,396,466	9,082,590
Capital assets, being depreciated, net	3,073,682	-	14,341,327	17,415,009
Total noncurrent assets	<u>4,798,571</u>	<u>-</u>	<u>21,971,719</u>	<u>26,770,290</u>
Total Assets	<u>\$ 5,207,128</u>	<u>\$ 254,814</u>	<u>\$ 22,959,667</u>	<u>\$ 28,421,609</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>\$ 99,871</u>	<u>\$ 3,658</u>	<u>\$ 67,886</u>	<u>\$ 171,415</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 21,852	\$ 253,555	\$ 671,360	\$ 946,767
Due to other funds	73,000	-	27,906	100,906
Compensated absences	10,580	-	6,675	17,255
Customer deposits payable	218,654	219,482	-	438,136
Advances from General Fund	1,039,849	3,421	1,632,167	2,675,437
Bonds and leases payable, current portion	202,000	-	230,100	432,100
Accrued interest payable from restricted assets	7,205	-	24,580	31,785
Total current liabilities	<u>1,573,140</u>	<u>476,458</u>	<u>2,592,788</u>	<u>4,642,386</u>
Noncurrent liabilities:				
Compensated absences	24,688	-	15,575	40,263
Net pension liability	272,824	9,993	185,449	468,266
Bonds and leases payable	2,579,000	-	6,651,176	9,230,176
Total noncurrent liabilities	<u>2,876,512</u>	<u>9,993</u>	<u>6,852,200</u>	<u>9,738,705</u>
Total Liabilities	<u>\$ 4,449,652</u>	<u>\$ 486,451</u>	<u>\$ 9,444,988</u>	<u>\$ 14,381,091</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>\$ 30,724</u>	<u>\$ 1,125</u>	<u>\$ 20,884</u>	<u>\$ 52,733</u>
NET POSITION				
Net investment in capital assets	\$ 1,978,806	\$ -	\$ 14,856,517	\$ 16,835,323
Restricted for:				
Debt service	477,331	-	452,751	930,082
Capital projects	565,513	-	964,192	1,529,705
Unrestricted	(2,195,027)	(229,104)	(2,711,779)	(5,135,910)
Total Net Position	<u>\$ 826,623</u>	<u>\$ (229,104)</u>	<u>\$ 13,561,681</u>	<u>\$ 14,159,200</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Operating revenues				
Water service	\$ 901,175	\$ -	\$ -	\$ 901,175
Water penalties	24,930	-	-	24,930
Garbage/solid waste service	-	1,626,596	-	1,626,596
Garbage penalties	-	27,525	-	27,525
Sewer service	-	-	1,521,563	1,521,563
Miscellaneous income	22,733	200	8,342	31,275
Total operating revenues	<u>948,838</u>	<u>1,654,321</u>	<u>1,529,905</u>	<u>4,133,064</u>
Operating expenses				
Personal services	427,449	10,158	299,097	736,704
Operating expenses	269,256	1,705,235	699,370	2,673,861
Depreciation	159,587.00	-	692,788	852,375
Total operating expenses	<u>856,292</u>	<u>1,715,393</u>	<u>1,691,255</u>	<u>4,262,940</u>
Operating income	<u>92,546</u>	<u>(61,072)</u>	<u>(161,350)</u>	<u>(129,876)</u>
Nonoperating revenues (expenses)				
Interest income	44,598	1,830	15,581	62,009
Interest expense	(86,454)	-	(301,316)	(387,770)
Total nonoperating revenues (expenses)	<u>(41,856)</u>	<u>1,830</u>	<u>(285,735)</u>	<u>(325,761)</u>
Income (loss) before contributions and transfers	<u>50,690</u>	<u>(59,242)</u>	<u>(447,085)</u>	<u>(455,637)</u>
Capital grants and contributions	8,000	-	2,617,850	2,625,850
Transfers in	36,453	-	1,300,837	1,337,290
Transfers out	(382,849)	(126,190)	(1,270,394)	(1,779,433)
Change in net position	<u>(287,706)</u>	<u>(185,432)</u>	<u>2,201,208</u>	<u>1,728,070</u>
Net position, beginning of year	1,114,329	(43,672)	11,360,473	12,431,130
Net position, end of year	<u>\$ 826,623</u>	<u>\$ (229,104)</u>	<u>\$ 13,561,681</u>	<u>\$ 14,159,200</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,032,254	\$ 1,653,883	\$ 2,471,030	\$ 5,157,167
Cash paid to employees	(430,214)	(19,130)	(300,100)	(749,444)
Cash paid to suppliers	(271,840)	(1,569,549)	(178,988)	(2,020,377)
Net cash provided by operating activities	<u>330,200</u>	<u>65,204</u>	<u>1,991,942</u>	<u>2,387,346</u>
Cash flows from noncapital financing activities				
Interfund transfers	(346,396)	(126,190)	30,443	(442,143)
Interfund loans	1,171,172	77,624	(1,092,826)	155,970
Net cash provided by (used in) noncapital financing activities	<u>824,776</u>	<u>(48,566)</u>	<u>(1,062,383)</u>	<u>(286,173)</u>
Cash flows from capital and related financing activities				
Impact fees and capital contributions	8,000	-	67,840	75,840
Acquisition and construction of capital assets	(1,077,768)	-	(3,694,843)	(4,772,611)
Capital grants	-	-	2,550,010	2,550,010
Principal payments of long-term debt	(197,000)	-	(220,198)	(417,198)
Proceeds from issuance of long-term debt	-	-	-	-
Interest paid	(86,454)	-	(301,316)	(387,770)
Net cash provided by (used in) capital and related financing activities	<u>(1,353,222)</u>	<u>-</u>	<u>(1,598,507)</u>	<u>(2,951,729)</u>
Cash flows from investing activities				
Interest received	44,598	1,830	15,581	62,009
Net cash provided by (used in) investing activities	<u>44,598</u>	<u>1,830</u>	<u>15,581</u>	<u>62,009</u>
Net change in cash and cash equivalents	<u>(153,648)</u>	<u>18,468</u>	<u>(653,367)</u>	<u>(788,547)</u>
Cash and cash equivalents, beginning of year	413,259	211,607	1,141,973	1,766,839
Cash and cash equivalents, end of year	<u>\$ 259,611</u>	<u>\$ 230,075</u>	<u>\$ 488,606</u>	<u>\$ 978,292</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 92,546	\$ (61,072)	\$ (161,350)	\$ (129,876)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	159,587	-	692,788	852,375
Changes in assets and liabilities:				
Accounts receivable	67,803	3,614	941,125	1,012,542
Inventories and prepaid expense	2,676	-	(984)	1,692
Accounts payable and accrued expenses	(5,260)	135,686	521,366	651,792
Deposits	15,613	16,638	-	32,251
Unearned revenue	-	(20,690)	-	(20,690)
Compensated absences	9,268	-	649	9,917
Net pension liability	(12,033)	(8,972)	(1,652)	(22,657)
Net cash provided by operating activities	<u>\$ 330,200</u>	<u>\$ 65,204</u>	<u>\$ 1,991,942</u>	<u>\$ 2,387,346</u>
Cash and cash equivalents classified as:				
Restricted cash and cash equivalents	\$ 259,611	\$ 230,075	\$ 488,606	\$ 978,292

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024**

	Motor Vehicle Tag Fund
	<u> </u>
ASSETS	
Cash	\$ 145,434
	<u> </u>
LIABILITIES	
Due to other governments	\$ 145,434
	<u> </u>
NET POSITION	
Restricted for tag agency	\$ -
	<u> </u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2024**

	Motor Vehicle Tag Fund
Additions	
Charges for services	\$ 2,553,473
Total additions	2,553,473
Deductions	
Payments to other governments	2,553,473
Total deductions	2,553,473
Change in net position	-
Net position , beginning of year	-
Net position , end of year	\$ -

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(1) Summary of Significant Accounting Policies:

The financial statements of the City of High Springs, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was created pursuant to provisions of Chapter 165, *Florida Statutes*, and specifically has legal Authority under Chapter 61.2230, *Laws of Florida*.

The financial activity of The High Springs, Florida Community Redevelopment Agency (the Agency), is included in the financial reporting entity as a blended component unit. The Agency was established under Chapter 163, *Florida Statutes*, for the purpose of fostering economic development in the downtown area of the City. The members of the Agency's board are appointed by the City Commissioners. The Agency is fiscally dependent on the City, and the City Commission approves the Agency's annual budget. The Agency is presented as a governmental fund type. A separate audit report of the Agency can be obtained from the City's Finance Department.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component assets are appropriately presented as funds of the primary government.

(b) **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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

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 City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred. 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.

Property 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The ***Special Revenue Fund*** is a special revenue fund used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

The ***Downtown Development Fund*** is a special revenue fund used to account for tax increment and other revenues associated with the City's Community Redevelopment Agency and the expenditures of these funds in the redevelopment district.

The City reports the following major proprietary funds:

The ***Water Fund*** accounts for the activities of the City's water distribution operations.

The ***Solid Waste Fund*** accounts for the activities of the City's solid waste collection system.

The ***Sewer Fund*** accounts for the construction activities and City's wastewater treatment system.

Additionally, the City reports the following fund types:

The ***Motor Vehicle Tag Custodial Fund*** accounts for the collection of fees associated with the sale of motor vehicle tags, title transfers, and sales taxes and the remittance of these funds collected for the State of Florida and Alachua County Tax Collector.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first.

(d) **Budgets and budgetary accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. 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 City Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

(e) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(f) **Deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City does not have an investment policy, however state statutes authorize the City to invest in direct obligations of the U.S. Treasury or direct obligations for which the faith and credit of the United States is pledged, Local Government Surplus Trust Fund administered by the State Board of Administration, Federal agencies and instrumentalities, SEC registered money market funds with the highest credit quality rating, and savings and certificate of deposit accounts in State-certified public depositories.

(g) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

(h) **Property tax calendar**—Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

(i) **Inventories and prepaid items**—All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(j) **Restricted assets**—Certain assets are required to be segregated due to various debt agreements and restricted revenue sources. Certain proceeds from enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond covenant accounts” are used to report resources set aside to subsidize potential deficiencies from the City’s operations that could adversely affect debt service payments, accumulated for debt service payments over the next twelve months, set aside to make up potential future deficiencies in the revenue bond debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The general fund reports assets set aside for infrastructure under a County discretionary surtax.

(k) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 – 60
Improvements other than buildings	15
Machinery and equipment	5 – 15

(l) **Compensated absences**—It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

(m) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when paid.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category consisted of deferred amounts related to pension, as discussed further in Note (9).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (9).

(o) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Non-spendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property held for sale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission or the City Manager.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the City's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted. The City has a fund balance reserve policy from the unassigned general fund balance to provide sufficient funds for unforeseen or unexpected events. The reserve shall be equal to but not less than \$75,000 annually until such time as the fund balance reaches \$1,000,000.

(p) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

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

(3) **Deposits and Investments in Certificates of Deposit:**

At September 30, 2024, the City held various demand deposits with a financial institution. All of the bank balance is covered by Federal depository insurance or by collateral held by the City's custodial banks, which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

(4) Receivables:

Receivables at September 30, 2024, for the City’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Water	Solid Waste	Sewer	Total
Interest	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ 224
Accounts	181,158	-	367,916	85,498	212,991	847,563
Intergovernmental	346,477	121,033	-	-	336,540	804,050
Gross Receivables	527,859	121,033	367,916	85,498	549,531	1,651,837
Allowance	-	-	(210,512)	(60,759)	(121,868)	(393,139)
Net total receivables	<u>\$ 527,859</u>	<u>\$ 121,033</u>	<u>\$ 157,404</u>	<u>\$ 24,739</u>	<u>\$ 427,663</u>	<u>\$ 1,258,698</u>

(5) Interfund Loans, Advances, and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2024, are comprised of the following:

	Due To:				
	General Fund	CRA	Special Revenue	Sewer	Total
Due From:					
General Fund	\$ 1,719,902	\$ -	\$ 1,565,607	\$ -	\$ 3,285,509
Downtown Development Fund	655,980	-	-	-	655,980
Special Revenue Fund	51	380,385	-	-	380,436
Water Fund	-	-	-	73,000	73,000
	<u>\$ 2,375,933</u>	<u>\$ 380,385</u>	<u>\$ 1,565,607</u>	<u>\$ 73,000</u>	<u>\$ 4,394,925</u>

Interfund transfers:

	Transfers In:				
	General Fund	Special Revenue	Water	Sewer	Total
Transfer Out:					
General Fund	\$ 30,154	\$ 1,040,048	\$ 36,453	\$ 340,837	\$ 1,447,492
Downtown Development Fund	27,625	-	-	-	27,625
Special Revenue Fund	349,941	-	-	-	349,941
Sewer Fund	310,394	-	-	960,000	1,270,394
Water Fund	382,849	-	-	-	382,849
Solid Waste Fund	126,190	-	-	-	126,190
	<u>\$ 1,227,153</u>	<u>\$ 1,040,048</u>	<u>\$ 36,453</u>	<u>\$ 1,300,837</u>	<u>\$ 3,604,491</u>

Transfers are used to move revenues between funds to reflect the activities of the fund with the primary government. The primary government accounts for activities such as budgetary authorizations, subsidies or matching funds for various grant programs, and reimbursements to the general fund for services provided to other funds.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(5) **Interfund Loans, Advances, and Transfers:** (Continued)

Individual fund interfund advances for the primary government at September 30, 2024, are comprised of the following:

Advances From:	Advances To: General Fund
Sewer Fund	\$ 1,632,167
Water Fund	1,039,849
Solid Waste Fund	<u>3,421</u>
	<u>\$ 2,675,437</u>

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made

(6) **Capital Assets:**

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 824,661	\$ -	\$ -	\$ 824,661
Construction in progress	94,854	388,987	-	483,841
Total assets not being depreciated	<u>919,515</u>	<u>388,987</u>	<u>-</u>	<u>1,308,502</u>
Capital assets being depreciated:				
Buildings	4,367,394	400,513	-	4,767,907
Improvements other than buildings	7,393,697	30,154	-	7,423,851
Machinery and equipment	6,449,923	724,322	(395,432)	6,778,813
Total assets being depreciated	<u>18,211,014</u>	<u>1,154,989</u>	<u>(395,432)</u>	<u>18,970,571</u>
Less accumulated depreciation for:				
Buildings	(1,899,368)	(153,702)	-	(2,053,070)
Improvements other than buildings	(5,919,772)	(210,766)	199,923	(5,930,615)
Machinery and equipment	(3,043,662)	(627,638)	-	(3,671,300)
Total accumulated depreciation	<u>(10,862,802)</u>	<u>(992,106)</u>	<u>199,923</u>	<u>(11,654,985)</u>
Total capital assets being depreciated, net	<u>7,348,212</u>	<u>162,883</u>	<u>(195,509)</u>	<u>7,315,586</u>
Governmental activities capital assets, net	<u>\$ 8,267,727</u>	<u>\$ 551,870</u>	<u>\$ (195,509)</u>	<u>\$ 8,624,088</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(6) **Capital Assets:** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 404,668	\$ -	\$ -	\$ 404,668
Construction in progress	5,669,331	3,008,591	-	8,677,922
Total assets not being depreciated	<u>6,073,999</u>	<u>3,008,591</u>	<u>-</u>	<u>9,082,590</u>
Capital assets being depreciated:				
Buildings	2,341,838	-	-	2,341,838
Improvements other than buildings	22,999,078	1,727,567	-	24,726,645
Machinery and equipment	1,437,032	36,453	(49,400)	1,424,085
Total assets being depreciated	<u>26,777,948</u>	<u>1,764,020</u>	<u>(49,400)</u>	<u>28,492,568</u>
Less accumulated depreciation for:				
Buildings	(1,192,399)	(56,490)	-	(1,248,889)
Improvements other than buildings	(7,922,730)	(709,452)	-	(8,632,182)
Machinery and equipment	(1,159,455)	(86,433)	49,400	(1,196,488)
Total accumulated depreciation	<u>(10,274,584)</u>	<u>(852,375)</u>	<u>49,400</u>	<u>(11,077,559)</u>
Total capital assets being depreciated, net	16,503,364	911,645	-	17,415,009
Business-type activities capital assets, net	<u>\$ 22,577,363</u>	<u>\$ 3,920,236</u>	<u>\$ -</u>	<u>\$ 26,497,599</u>

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2024:

Governmental activities:	
General government	\$ 52,571
Public safety	538,585
Physical environment	64,733
Transportation	131,844
Economic environment	44,977
Culture and recreation	159,396
Total	<u>\$ 992,106</u>
Business-type activities:	
Water	\$ 159,587
Sewer	692,788
Total	<u>\$ 852,375</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(7) Long-term Liabilities:

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

	<u>Beginning Balance, as adjusted</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
Notes payable	\$ 451,000	\$ -	\$ (87,000)	\$ 364,000	\$ 88,000
Lease liabilities	2,041,679	565,786	(504,895)	2,102,570	376,976
Compensated absences	668,096	371,952	(416,146)	623,902	187,171
Total	<u>\$ 3,160,775</u>	<u>\$ 937,738</u>	<u>\$ (1,008,041)</u>	<u>\$ 3,090,472</u>	<u>\$ 652,147</u>
Business-type activities:					
Bonds payable	\$ 9,854,163	\$ -	\$ (365,050)	\$ 9,489,113	\$ 377,259
Lease liabilities	225,311	-	(52,148)	173,163	54,841
Compensated absences	47,601	40,824	(30,907)	57,518	17,255
Total	<u>\$ 10,127,075</u>	<u>\$ 40,824</u>	<u>\$ (448,105)</u>	<u>\$ 9,719,794</u>	<u>\$ 449,355</u>

Notes payable in the City's governmental activities at September 30, 2024, were comprised of the following obligation:

The City issued Taxable Non-Ad Valorem Revenue note on January 14, 2022, in the amount of \$589,000, where the City pledges income derived Non-Ad Valorem Revenues. The purpose of the issuance was for the purchase of land and facilities to be used for tourist-related purposes, and appurtenant improvements. The note has a stated interest rate of 2.23% and are payable over 7 years with a final maturity date of September 1, 2028.

Notes payable debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	88,000	8,117	96,117
2026	90,000	6,155	96,155
2027	92,000	4,148	96,148
2028	94,000	2,096	96,096
Total	<u>\$ 364,000</u>	<u>\$ 20,516</u>	<u>\$ 384,516</u>

Bonds payable in the City's business-type activities at September 30, 2024, were comprised of the following obligations:

The City issued revenue bonds on January 15, 2004, in the amount of \$2,235,250, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Phase 1 of the City's wastewater treatment system. The bonds have a stated interest rate of 4.50% and are payable over 40 years with a final maturity date of September 1, 2043.

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

(7) **Long-term Liabilities:** (Continued)

On October 29, 2009 the City issued bonds in the amount of \$6,353,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Phases 2 and 3 of the City’s wastewater treatment system. The bonds have a stated interest rate of 4.125% and are payable over 40 years with a final maturity date of September 1, 2049.

On January 14, 2022 the City issued bonds in the amount of \$850,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Well #2 of the City’s water system. The bonds have a stated interest rate of 2.010% and are payable over 12 years with a final maturity date of September 1, 2033.

On September 29, 2022 the City issued bonds in the amount of \$2,350,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing the installation and implementation of an Automated Metering Infrastructure (AMI) system for water and wastewater system billing. The bonds have a stated interest rate of 3.200% and are payable over 15 years with a final maturity date of September 1, 2037.

Revenue bonds outstanding at September 30, 2024, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Wastewater treatment system Series 2004	4.500%	\$ 1,559,513
Wastewater treatment system Series 2009	4.125%	5,148,600
Water and sewer Series 2022	3.200%	2,106,000
Water and sewer Series 2022	2.010%	675,000
Total		<u>\$ 9,489,113</u>

Revenue bonds debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	377,259	363,518	740,777
2026	391,673	350,444	742,117
2027	404,397	336,856	741,253
2028	417,433	322,790	740,223
2028	432,889	308,236	741,125
2030-2034	2,319,717	1,303,001	3,622,718
2035-2039	2,009,776	880,659	2,890,435
2040-2044	1,654,569	510,422	2,164,991
2045-2049	1,481,400	188,262	1,669,662
Total	<u>\$ 9,489,113</u>	<u>\$ 4,564,188</u>	<u>\$ 14,053,301</u>

The City is subject to certain rate covenant requirements related to its System revenue bonds, including requirements to: (1) provide sufficient revenues to pay reasonable administrative expenses of the Issuer in connection with the System; (2) provide sufficient gross revenues to pay operating expenses of the System, to the extent not otherwise provided for; and (3) provide net revenues equal to at least 120% of the average annual principal and interest requirements on all outstanding bonds. For the year ended September 30, 2024, the City was in compliance with the operating expense covenant. However, the City was not in compliance with the administrative expense covenant or the debt service coverage covenant, as net revenues after transfers to the General Fund were insufficient to meet the administrative expense requirement and net revenues were approximately 90% of average annual principal and interest requirements, below the required 120% coverage level.

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

(8) Lease Liabilities:

The City is leasing various vehicles and equipment with the costs shown below. These lease agreements qualify as lease liabilities for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through lease liabilities are as follows:

	Governmental	Business Type
Vehicles and equipment	\$ 3,030,303	\$ 278,200
Less: Accumulated depreciation	(955,523)	(27,820)
Total	\$ 2,074,780	\$ 250,380

Future minimum lease payments for the City's governmental activities leases are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	376,975	78,821	455,796
2026	402,074	60,057	462,131
2027	382,372	39,524	421,896
2028	344,954	21,393	366,347
2029	144,040	13,611	157,651
2030-2032	452,155	20,800	472,955
Total	\$ 2,102,570	\$ 234,206	\$ 2,336,776

Future minimum lease payments for the City's business type leases are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	54,841	8,940	63,781
2026	57,672	6,109	63,781
2027	60,650	3,131	63,781
Total	\$ 173,163	\$ 18,180	\$ 191,343

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(9) Pension Obligations:

Florida Retirement System (FRS)

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all general employees hired before January 1, 1996, and all firefighters, regardless of date of hire. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(9) **Pension Obligations:** (Continued)

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

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

Financial Statements

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

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

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2024	After June 30, 2024
Regular Class	13.57%	13.63%
Elected Officers	58.68%	58.68%
Senior Management Service	34.52%	34.52%
Special Risk Regular	32.67%	32.79%
DROP from FRS	12.64%	12.64%

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(9) **Pension Obligations:** (Continued)

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2024, were as follows:

City Contributions – FRS	\$	806,024
City Contributions – HIS		89,406
Employee Contributions – FRS		134,109

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2024, the City reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 5,506,416
HIS	1,584,138
Total	\$ 7,090,554

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2024 and June 30, 2023, the organization’s proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2024	2023
FRS	0.014234091%	0.015054852%
HIS	0.010560235%	0.010403187%

For the year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

Plan	Pension Expense
FRS	\$ 1,013,433
HIS	143,236
Total	\$ 1,156,669

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(9) **Pension Obligations:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2024, the entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 556,296	\$ -	\$ 15,296	\$ (3,042)
Changes of assumptions	754,705	-	28,036	(187,542)
Net difference between projected and actual investment earnings	-	(365,985)	-	(573)
Change in proportionate share	747,932	(241,366)	251,513	-
Contributions subsequent to measurement date	219,392	-	22,436	-
Total	<u>\$ 2,278,325</u>	<u>\$ (607,351)</u>	<u>\$ 317,281</u>	<u>\$ (191,157)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2025	\$ 87,387	\$ 47,315	\$ 134,702
2026	1,077,743	32,045	1,109,788
2027	235,385	11,592	246,977
2028	15,941	16,634	32,575
2029	35,126	(558)	34,568
Thereafter	-	(3,340)	(3,340)
	<u>\$ 1,451,582</u>	<u>\$ 103,688</u>	<u>\$ 1,555,270</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2024. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(9) **Pension Obligations:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2024, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 9,685,593	\$ 5,506,416	\$ 2,005,469
HIS	3.93%	1,803,338	1,584,138	1,402,167

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(10) Other Postemployment Benefits:

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(11) Commitments and Contingencies:

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2024, no amounts have been accrued.

(12) Deficit Fund Balance:

At September 30, 2024, the Solid Waste fund reported a net position deficit of \$(229,104). This cumulative deficit was the result of making additional capital expenditures that are expected to be recovered from subsequent periods' general fund transfers.

(13) Fund Balance Reclassifications and Restatements:

During the fiscal year, the City identified certain errors in previously issued financial statements related to the recognition and recording of financing leases, accounts payable, accrued liabilities, and interfund contributions. Accordingly, beginning fund balance and net position for certain funds and governmental activities have been restated to correct these errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The effect of these corrections on beginning balances is summarized below.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Sewer Fund</u>	<u>Governmental Activities</u>
9/30/2023 fund balance and net position	\$ 4,027,310	\$ 455,508	11,360,473	\$ 5,119,592
Unrecorded assets relating to financing leases	-	-	-	211,844
Unrecorded liabilities relating to financing leases	-	-	-	(270,666)
Unrecorded asset relating to late vendor invoice	-	-	52,757	-
Unrecorded liability relating to late vendor invoice	-	-	(52,757)	-
Unrecorded retirement contributions for prior year City Manager	(80,739)	-	-	(80,739)
Unreconciled variances in receivables from prior periods	-	82,796	-	82,796
9/30/2023 fund balance and net position, as restated	<u>\$ 3,946,571</u>	<u>\$ 538,304</u>	<u>\$ 11,360,473</u>	<u>\$ 5,062,827</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

(14) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (d) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (e) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.014234091%	0.015054852%	0.011190895%	0.010736185%	0.011050682%	0.010896892%	0.010743818%	0.010380699%	0.009635121%	0.008966125%
Proportionate share of the net pension liability	\$ 5,506,416	\$ 5,998,882	\$ 4,163,912	\$ 810,997	\$ 4,789,528	\$ 3,752,738	\$ 3,236,094	\$ 3,070,541	\$ 2,432,876	\$ 1,158,095
Covered payroll	4,470,303	4,122,530	3,000,624	2,885,440	2,575,929	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294
Proportionate share of the net pension liability as a percentage of covered payroll	123.18%	145.51%	138.77%	28.11%	185.93%	154.12%	150.66%	156.15%	141.38%	65.05%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.010560235%	0.010403187%	0.008231970%	0.007730708%	0.007420423%	0.007279030%	0.006574976%	0.006026319%	0.005567430%	0.005558412%
Proportionate share of the net pension liability	\$ 1,584,138	\$ 1,652,165	\$ 871,897	\$ 948,288	\$ 906,022	\$ 814,451	\$ 695,903	\$ 644,362	\$ 648,861	\$ 566,871
Covered payroll	4,470,303	4,122,530	3,000,624	2,885,440	2,575,929	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294
Proportionate share of the net pension liability as a percentage of covered payroll	35.44%	40.08%	29.06%	32.86%	35.17%	33.45%	32.40%	32.77%	37.71%	31.84%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	For the Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)										
Contractually required contribution	\$ 834,514	\$ 772,476	\$ 498,739	\$ 440,180	\$ 367,165	\$ 337,882	\$ 306,190	\$ 291,988	\$ 244,124	\$ 237,356
Contributions in relation to the contractually required contribution	834,514	772,476	498,739	440,180	367,165	337,882	306,190	291,988	244,124	237,356
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,623,607	\$ 4,227,735	\$ 3,115,906	\$ 2,885,440	\$ 2,575,929	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294
Contributions as a percentage of covered payroll	18.05%	18.27%	16.01%	15.26%	14.25%	13.88%	14.25%	14.85%	14.19%	13.33%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 92,472	\$ 73,473	\$ 51,724	\$ 47,898	\$ 42,760	\$ 40,420	\$ 35,656	\$ 32,643	\$ 28,565	\$ 22,432
Contributions in relation to the contractually required contribution	92,472	73,473	51,724	47,898	42,760	40,420	35,656	32,643	28,565	22,432
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,623,607	\$ 4,227,735	\$ 3,115,906	\$ 2,885,440	\$ 2,575,929	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294
Contributions as a percentage of covered payroll	2.00%	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>State Grantor/ Pass-Through Grantor/Project Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
State of Florida Department of Environmental Protection			
Direct Programs:			
Florida Springs Grant	37.052	LP61031	<u>\$ 2,545,710</u>
State of Florida Department of State			
Direct Programs:			
Acquisition, Restoration of Historic Properties	45.032	24.h.sc.900.125	<u>350,000</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 2,895,710</u></u>

Notes:

1) Basis of Presentation:

The accompanying Schedule of State Financial Assistance includes state financial assistance activity of City of High Springs (City) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General.

2) Subrecipients:

The City provided no state awards to subrecipients during the year ended September 30, 2024.

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

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

A. Summary of Auditors' Results

Financial Statements:

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

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance:

Internal control over major state projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? yes X none reported

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

Identification of major state projects:

CSFA Number	Project Name
37.052	Florida Springs Grant Program

B. Financial Statement Findings:

2024-001 Reconciliation of Account Balances and Audit Adjustments

Criteria: Internal controls over financial reporting should include timely year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

Condition: All balances should be reconciled to supporting documentation and reconciled with the general ledger.

Cause: For the year ended September 30, 2024, many accounts were not reconciled on a timely basis and certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. We noted this to be largely due to the structure and maintenance of the general ledger and chart of accounts.

Effect: Financial statements would be materially misstated if significant adjustments were not made. Errors or improper activity may not be detected and corrected on a timely basis if reconciliations are not performed timely.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. Reconciliations should be performed on a timely and regular basis and include procedures related to the proper cutoff of significant revenue and expense activities.

2024-002: Timely Review of Ongoing Projects and Open Purchase Orders

Criteria: Governments are responsible for maintaining adequate internal controls over capital projects to ensure construction in progress, accounts payable, and related liabilities are accurately recorded in the proper period. Effective project monitoring procedures should include timely review of project progress, contractor billings, open purchase orders, and available funding to ensure expenditures and liabilities are properly tracked and recorded.

Condition: The City did not record approximately \$53,000 of construction in progress and related liabilities for Sewer projects at year end. Additionally, during 2025 the City received approximately \$950,000 of invoices related to Sewer projects that began in 2023, resulting in significant unexpected expenditures.

Cause: Contractor delays resulted in approximately 85% of a \$1 million project being invoiced upon completion of delivery and installation in September 2025 rather than throughout the course of the project. In addition, the City did not adequately track and monitor project progress, contractor activity, open purchase orders, and project funding on a timely basis.

Effect: Failure to properly monitor and record project expenditures and liabilities increases the risk of material misstatements in the financial statements, including unrecorded liabilities and incomplete construction in progress balances. Inadequate monitoring may also result in unexpected invoices, budget overruns, and reduced ability of management to effectively oversee capital project activity and available funding.

Recommendation: Management should implement procedures and controls to routinely monitor the progress of ongoing capital projects, including regular review of contractor progress, open purchase orders, project billings, and available funding sources. Additionally, management should ensure project expenditures and related liabilities are recorded timely and accurately to avoid unexpected invoices and ensure proper financial reporting.

2024-003: Timeliness of Year-End Close and Financial Reporting

Criteria: Timely financial reporting is essential for effective public fund management and oversight. The state of Florida mandates that financial audits be completed within nine months after the fiscal year-end to ensure stakeholders receive accurate and timely information.

Condition: The current audit was completed well after the statutory deadline.

Cause: While a chart of account conversion contributed to various delays in year-end closing procedures, other responsibilities of core finance personnel and limited overall staffing also adversely impacted the City's ability to produce timely financial reports.

Effect: This substantial delay hampers the City's ability to provide timely and reliable financial information for accounting and budget purposes. It also increases the risk of undetected errors and/or fraud.

Recommendation: The City should review and improve its financial reporting processes to ensure timely completion. This includes optimizing internal procedures and a consideration of the need to increase staffing and resources dedicated to the accounting function.

2024-004: Timeliness of Bank Reconciliations

Criteria: Timely completion of bank reconciliations is a fundamental internal control to ensure the accuracy of financial records, detect errors, and prevent or identify fraudulent transactions. Best practices recommend that bank reconciliations be completed within a reasonable period after month-end.

Condition: Bank reconciliations were not consistently completed on a timely basis. Several reconciliations were delayed by multiple months, increasing the risk of undetected errors or fraudulent transactions.

Cause: Limited staffing and competing priorities within the finance department contributed to delays in completing reconciliations. Additionally, a lack of formalized procedures for monitoring and enforcing reconciliation deadlines further exacerbated the issue.

Effect: The failure to perform timely bank reconciliations increases the risk of financial misstatements and reduces the ability to detect and address unauthorized transactions or errors promptly. This could impact the accuracy of financial reporting and weaken internal controls over cash management. Additionally, the City is responsible for an agency fund which increases the risk of undetected errors for money that does not belong to the City.

Recommendation: Management should implement a structured process to ensure that all bank reconciliations are completed within a defined timeframe. This may include assigning specific responsibilities, establishing monitoring procedures, and providing additional training or resources as necessary to improve efficiency.

2024-005: Preparation of Schedule of Expenditures of State Financial Assistance

Criteria: Florida Single Audit requirements require entities expending state funds to prepare an accurate and complete Schedule of Expenditures of State Financial Assistance (SEFA) to support the Single Audit process. The SEFA should properly classify state expenditures by CSFA number.

Condition: Management was unable to independently prepare an accurate SEFA without significant assistance. The initial schedule provided contained inaccuracies, including misclassified state expenditures.

Cause: A lack of internal expertise and training related to grant reporting requirements contributed to the inability to prepare the SEFA accurately. Additionally, insufficient documentation and reconciliation processes hindered management's ability to compile complete and accurate information.

Effect: The inability to prepare an accurate SEFA without auditor assistance increases the risk of noncompliance with reporting requirements and may result in audit findings or questioned costs. It also diminishes management's ability to oversee federal and state grant activity effectively.

Recommendation: Management should establish procedures to ensure the accurate and timely preparation of the SEFA. This may include providing training on federal and state grant reporting requirements, implementing reconciliation processes to verify completeness and accuracy, and/or contracting with outside assistance for SEFA preparation.

- C. State Financial Assistance Findings and Questioned Costs:** None.
- D. Summary Schedule of Prior Audit Findings:** See current status of prior audit findings at page 58.
- E. Corrective Action Plan:** See Management's Response to Findings as listed in the table of contents.

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

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited City of High Springs, Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2024. The City's major state projects 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 compliance requirements referred to above that could have a direct and material effect on each of its major state project for the year ended September 30, 2024.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Chapter 10.550, Rules of the Auditor General, 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 state project. 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 state projects.

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 GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General 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 state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, 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 Chapter 10.550, Rules of the Auditor General, 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.

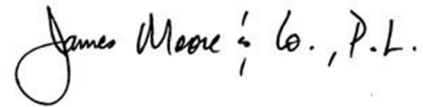
Report on Internal Control over Compliance

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 state project 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 state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Gainesville, Florida
May 21, 2026

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

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of High Springs, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 21, 2026.

As discussed in the Independent Auditors' Report, the City has not implemented the provisions of GASB Statement No.75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the water and sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water and sewer fund, has not been determined.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below:

2024-006 Budgetary Compliance

The City's legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund. During our review we noted the following:

- General Fund public safety exceeded final approved budget by \$479,066
- General Fund culture/recreation exceeded final approved budget by \$396,335
- Special Revenue Fund fire exceeded final approved budget by \$22,056
- Special Revenue Fund police exceeded final approved budget by \$21,899
- Special Revenue Fund other culture/recreation (cemetery) exceeded final approved budget by \$19,200
- Special Revenue Fund other general government exceeded final approved budget by \$350,000

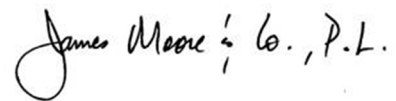
As a result, the City was not in budgetary compliance. Additionally, it was noted that the budget entered into Springbrook did not agree to the budget as agreed upon by the City Commission. We recommend that the City analyze budget vs. actual results subsequent to year-end as the fiscal year is being closed out and determine the need for additional budget amendments to ensure budgetary compliance, as amendments may be approved by the City Commission up to 60 days after fiscal year-end.

Management's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gainesville, Florida
May 21, 2026

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS REQUIRED
BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of High Springs, Florida (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 21, 2026.

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the water and sewer fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water and sewer fund, has not been determined.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 21, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Comments 2024-001, 2024-006, 2024-007, 2024-008 and 2024-009 remain uncorrected from the second preceding audit report. The following is a summary of prior year recommendations:

2023-001 – Utility Billing Rates – Corrective action taken.

2023-002 – Reconciliation of Account Balances and Audit Adjustments – Corrective action not taken. See repeat comment 2024-001.

2023-003 – Timeliness of Year-End Close and Financial Reporting – Corrective action not taken. See repeat comment 2024-003.

2023-004 – Timeliness of Bank Reconciliations – Corrective action not taken. See repeat comment 2024-004.

2023-005 – Preparation of Schedule of Expenditures of State Financial Assistance – Corrective action not taken. See repeat comment 2024-005.

2023-006 – Budgetary Compliance – Corrective action not taken. See repeat comment 2024-006.

2023-007 – Policies and Procedures – Corrective action not taken. See repeat comment 2024-007.

2023-008 – Inventory Balance – Corrective action taken.

2023-009 – Debt Compliance – Corrective action not taken. See repeat comment 2024-008.

2023-010 – Fund Classifications and Recording – Corrective action not taken. See repeat comment 2024-009.

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 legal authority for the primary government and blended component unit of the reporting entity is disclosed in Note 1(a) of the basic financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires 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), Florida Statutes.

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

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

2024-007 Policies and Procedures

We noted the City has various accounting policies and procedures documented for internal purposes, but the only such policies to have been formally approved by the City Commission are the purchasing policy and the fund balance policy. As a best practice, we recommend these various policies be incorporated into a formal finance and accounting policy document and separate, standalone investment policy to be approved by the City Commission. Subsequently, such policies should also be reviewed every few years and updated, if necessary.

2024-008 Debt Compliance

During our testing of debt compliance requirements, we noted that the City is not in compliance with one of the Water & Sewer bonds requirements as the net revenue does not cover the administrative expenses in the fund. The City was also not in compliance with the requirement for net revenues in an amount equal to not less than 120% of the average annual principal and interest

requirements. Additionally, we noted that management is not performing the covenant calculation. We recommend management calculate and monitor debt covenants and correct the noncompliance.

2024-009 Fund Classifications and Recording

During our overall testing, we noted instances of improper account coding and classification, particularly with activity partially recorded across multiple funds. We recommend the City review transactions to ensure proper fund accounting and transactions are recorded consistently for tracking purposes.

2024-010 Deteriorating Financial Condition

Our assessment procedures disclosed that the City is in a state of deteriorating financial condition as defined by Rule 10.556(8), Rules of the Auditor General. Specifically, the City's enterprise funds reported a deficit in unrestricted net position at fiscal year-end. A deficit in unrestricted net position indicates that liabilities and restricted net position exceed available assets for discretionary use. Based on the Financial Condition Assessment, of the 24 applicable indicators evaluated, 14 (58%) were rated as unfavorable. We recommend that the City evaluate opportunities to enhance recurring revenues, reduce expenditures where feasible, and monitor financial indicators to improve its overall financial condition.

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.

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

Additional Matters

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

Management's Response to Findings

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

Purpose of this Letter

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

James Moore & Co., P.L.

Gainesville, Florida
May 21, 2026

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

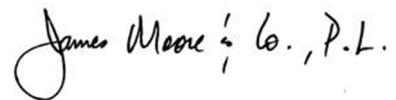
To the Honorable Mayor and City Commissioners,
City of High Springs, Florida:

We have examined the City of High Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2024. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.



Gainesville, Florida
May 21, 2026

CITY OF HIGH SPRINGS, FLORIDA
Management's Response to Findings

The City acknowledges each finding identified in the independent auditors' report and management letter for the fiscal year ended September 30, 2024. Several findings share common underlying conditions in the City's general ledger structure, interfund accounting, and financial system configuration, and the City is addressing those structural drivers directly. The City's remediation effort is supported by a multidisciplinary professional team, including its independent audit firm, legal counsel, and contracted finance and accounting support, as described in the City's correspondence to the Joint Legislative Auditing Committee dated May 1, 2026.

Management recognizes that restoring a stable and timely financial reporting environment requires both corrective action and sustained operational discipline. The City's focus is not solely on resolving individual findings, but on establishing repeatable financial processes, reliable reporting controls, and long-term financial stability.

2024-001 Reconciliation of Account Balances and Audit Adjustments – Management acknowledges this finding. The condition is closely related to the underlying ledger and interfund matters addressed in finding 2024-009; reliable period-end reconciliation depends on a chart of accounts and interfund structure that support consistent posting throughout the year. The City is remediating those underlying conditions and strengthening period-end reconciliation procedures so that month-end and year-end close proceed without material adjustments in future periods.

2024-002 Timely Review of Ongoing Projects and Open Purchase Orders – Management acknowledges this finding. The City is implementing periodic project review with a designated project lead, and is clarifying responsibilities for the recording of capital expenditures and related liabilities so that period-end cutoff is supported by the underlying records. Formal project accounting and purchase order monitoring procedures will be incorporated into the broader finance and accounting policy framework discussed in finding 2024-007, and a more detailed protocol will be developed following submission of this audit report.

2024-003 Timeliness of Year-End Close and Financial Reporting – Management acknowledges this finding. The City's focus is on resolving the backlog sequentially. As the underlying ledger and interfund conditions referenced elsewhere in this response are corrected and the City adheres to a defined year-end close schedule, each audit cycle is expected to require less time than the last, returning the City to a timely and compliant reporting calendar. Management notes that late audits tend to compound: when one year is completed behind schedule, it delays the start of the next, and the statutory deadline for the following year can pass before that audit is able to begin in earnest. For this reason, Management expects the finding to recur in the near term, as the deadline for the FY2025 reporting cycle will have passed before that audit can reasonably be completed, and that timing cannot be recovered through current effort alone.

2024-004 Timeliness of Bank Reconciliations – Management acknowledges this finding. The City is working to bring bank reconciliations current and is establishing recurring monthly reconciliation procedures with defined posting timelines and supervisory review. As this work progresses, the City is strengthening controls over cash activity and the review procedures used to identify reconciling items on a timely basis. These procedures will also apply to custodial and restricted cash activity, including the Motor Vehicle Tag Custodial Fund.

2024-005 Preparation of Schedule of Expenditures of State Financial Assistance – Management acknowledges this finding. The Schedule of Expenditures of State Financial Assistance for the fiscal year was prepared from the City's records with professional support, and the City expects to prepare the schedule on the same basis in future periods. With grant activity now identifiable within the general ledger throughout the year, Management considers this finding substantially addressed and does not anticipate its recurrence.

2024-006 Budgetary Compliance – Management acknowledges this finding. Compliance with appropriated budgets at the legal level of control is a core fiduciary responsibility, and meaningful comparison of budget to actual requires the budget to be maintained in a usable working form throughout the year. The City will review budget-to-actual results during the close process and present budget amendments to the City Commission as appropriate, consistent with Section 166.241, Florida Statutes.

2024-007 Policies and Procedures – Management acknowledges this comment. Formal financial policies are most effective when developed in alignment with the financial systems, workflows, and accountability structures they govern. The City will develop a consolidated finance and accounting policy and a stand-alone investment policy under Section 218.415, Florida Statutes, for presentation to the City Commission as part of the broader remediation effort. This framework will incorporate standardized procedures for reconciliations, project accounting, grant administration, purchasing, capital asset tracking, and financial reporting controls, so that the policies remain sustainable and reflect how the City's financial operations are actually performed.

2024-008 Debt Compliance – Management acknowledges this comment. The covenant shortfall reflects the structural relationship between the enterprise funds and the General Fund, which is also addressed in finding 2024-010. The City will calculate debt covenant compliance annually and incorporate the results into the development of the Water Fund and Sewer Fund budgets. The City will also seek a utility rate study and an impact fee study, prioritized in the upcoming budget cycle, to assess whether the existing rate structure supports the long-term financial sustainability of the enterprise operations and the City's bond covenant obligations.

2024-009 Fund Classifications and Recording – Management acknowledges this comment. Reliable fund accounting and interfund integrity are foundational to the City's financial statements and to the timeliness and accuracy of period-end close. The City is reviewing transaction coding and interfund posting practices, together with the configuration of the financial system, so that fund classifications are applied consistently at the point of entry.

2024-010 Deteriorating Financial Condition – Management acknowledges this comment and does not contest the Financial Condition Assessment under Rule 10.556(8), Rules of the Auditor General. The indicators reflect structural conditions in the relationship between the City's enterprise operations and the General Fund that have developed over multiple periods, and the City views them as addressable through a deliberate, multi-year recovery effort. That effort centers on three areas: revenue sufficiency, cost recovery, and operational efficiency. The City will seek a utility rate study and an impact fee study in the upcoming budget cycle to align enterprise rates with the true cost of service and to ensure that new development contributes its fair share. The City will also evaluate additional and alternative revenue sources, including the pursuit of available grant funding, and opportunities to strengthen collection practices. The City Manager will continue to exercise operational authority to identify and act on cost-saving opportunities as they arise, with attention to their strategic and long-term effect. The City will reassess the structure of the General Fund transfer in light of bond covenant requirements, and will monitor the financial condition indicators on a recurring basis as these measures are implemented, in coordination with its independent audit firm and financial advisors.