City of Springfield, Florida

Financial Statements

September 30, 2025

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

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Springfield, Florida (City), as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Springfield, Florida, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 4 through 10, budgetary comparison schedules - general fund and community redevelopment agency and related notes on pages 65 through 68, required other postemployment benefit supplementary information on page 69, and required pension supplementary information on pages 70 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 30, 2026

Management’s Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Springfield, Florida (City), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by $52,111,811 (net position). Of this amount, $(7,777,289) is a deficit in unrestricted net position of the governmental activities and $12,838,854 is unrestricted net position of the business-type activities. $1,759,654 of net position is restricted for business-type activities and $2,057,906 is restricted for governmental activities.

- Total net position increased by $23,077,663 during fiscal year 2025. Of this amount, an increase of $8,095,053 is attributable to governmental activities, and an increase of $14,982,610 is attributable to business-type activities.

- As of September 30, 2025, the general fund's unassigned fund balance was a surplus of $5,187,840.

- Governmental activities' revenues increased by $9,741,563 or 113%, while governmental activities' expenses increased by7% or $662,336. Business-type activities' revenues increased by $9,165,097 or 79%, while business-type activities' expenses increased by 5% or $293,717.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

The *statement of activities* presents information on all revenues and expenses of the City and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned, but unused vacation/sick leave).

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

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

Fund Financial Statements

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

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

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

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the City's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the City's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the City's overall financial health and present the means used to pay for various activities, or functions provided by the City. All assets of the City, including buildings, land, and infrastructure are reported in the statement of net position**,** as well as all liabilities, including outstanding principal on notes and future employee benefits obligated but not yet paid by the City. The statement of activities includes depreciation on all long-lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid doubling up the revenues and expenses. The *fund financial statements* provide a presentation of the City's major funds, along with a column for all nonmajor funds. In the case of governmental funds, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as notes payable, are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

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

Financial Analysis of the City

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City for the fiscal years ended September 30, 2025 and 2024. At the end of fiscal year 2025, the City is able to report positive balances in all three categories of net position for its business-type activities. However, the City has a deficit balance in the unrestricted net position of governmental activities at the end of fiscal years 2025 and 2024.

Net Position

	Governmental Activities		**Business-type Activities**		**Total**	
September 30,	**2025**	2024	**2025**	2024	**2025**	2024
Current and other assets	**$ 12,388,901**	$ (121,700)	**$ 17,149,892**	$ 16,801,438	**$ 29,538,793**	$ 16,679,738
Capital assets	**28,081,658**	14,251,098	**37,628,849**	21,637,857	**65,710,507**	35,888,955
Total assets	**40,470,559**	14,129,398	**54,778,741**	38,439,295	**95,249,300**	52,568,693
Deferred outflows of resources	**3,574,693**	4,090,809	**370,349**	400,602	**3,945,042**	4,491,411
Current liabilities	**8,380,628**	3,863,019	**2,027,841**	2,039,361	**10,408,469**	5,902,380
Noncurrent liabilities	**22,665,486**	9,204,389	**7,542,323**	6,108,579	**30,207,809**	15,312,968
Total liabilities	**31,046,114**	13,067,408	**9,570,164**	8,147,940	**40,616,278**	21,215,348
Deferred inflows of resources	**5,684,069**	5,932,783	**782,184**	877,825	**6,466,253**	6,810,608
Net position						
Net investment in capital assets	**13,034,452**	14,185,887	**30,198,234**	15,585,583	**43,232,686**	29,771,470
Restricted	**2,057,906**	1,629,666	**1,759,654**	1,473,321	**3,817,560**	3,102,987
Unrestricted (deficit)	**(7,777,289)**	(16,595,537)	**12,838,854**	12,755,228	**5,061,565**	(3,840,309)
Total net position (deficit)	**$ 7,315,069**	$ (779,984)	**$ 44,796,742**	$ 29,814,132	**$ 52,111,811**	$ 29,034,148

At September 30, 2025, net investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the majority of the City's net position. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. It should be noted, that although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net position* is subject to external restrictions, and thus is limited as to how it may be used. The balance of the total restricted net position is $3,817,560 at September 30, 2025.

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

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
Year Ended September 30,	**2025**	2024	**2025**	2024	**2025**	2024
Program revenues						
Charges for services	**$ 1,031,000**	$ 975,502	**$ 7,828,430**	$ 7,299,979	**$ 8,859,430**	$ 8,275,481
Operating grants/ contributions	**9,156,278**	139,852	**63,422**	597,332	**9,219,700**	737,184
Capital grants/ contributions	**841,706**	819,934	**12,629,039**	3,414,030	**13,470,745**	4,233,964
General revenues						
Gross receipts taxes	**5,047,931**	5,017,162	**-**	-	**5,047,931**	5,017,162
Franchise fees	**555,000**	675,131	**-**	-	**555,000**	675,131
State shared revenues	**560,646**	567,699	**-**	-	**560,646**	567,699
Impact fees	**-**	-	**153,468**	208,002	**153,468**	208,002
Miscellaneous revenues	**1,239,690**	446,825	**74,413**	1,155	**1,314,103**	447,980
Gain (loss) on disposal of assets	**(33,124)**	15,459	**(44,201)**	18,976	**(77,325)**	34,435
Total revenues	**18,399,127**	8,657,564	**20,704,571**	11,539,474	**39,103,698**	20,197,038
Expenses						
General government	**1,483,522**	1,471,736	**-**	-	**1,483,522**	1,471,736
Public safety	**5,785,824**	5,528,207	**-**	-	**5,785,824**	5,528,207
Highways and streets	**1,267,488**	1,312,099	**-**	-	**1,267,488**	1,312,099
Maintenance	**205,304**	204,000	**-**	-	**205,304**	204,000
Culture and recreation	**461,217**	487,687	**-**	-	**461,217**	487,687
Community redevelopment	**60,017**	-	**-**	-	**60,017**	-
Interest on long-term debt	**620,355**	217,662	**-**	-	**620,355**	217,662
Water	**-**	-	**1,836,377**	1,727,483	**1,836,377**	1,727,483
Sewer	**-**	-	**2,797,039**	2,695,116	**2,797,039**	2,695,116
Sanitation	**-**	-	**1,508,892**	1,425,992	**1,508,892**	1,425,992
Total expenses	**9,883,727**	9,221,391	**6,142,308**	5,848,591	**16,026,035**	15,069,982

(Continued)

Year Ended September 30,	Governmental Activities 2025	2024	Business-type Activities 2025	2024	Total 2025	2024
Change in net position before transfers	**$ 8,515,400**	$ (563,827)	**$ 14,562,263**	$ 5,690,883	**$ 23,077,663**	$ 5,127,056
Transfers	**(420,347)**	(101,985)	**420,347**	101,985	**-**	-
Change in net position	**8,095,053**	(665,812)	**14,982,610**	5,792,868	**23,077,663**	5,127,056
Net position (deficit) - beginning	**(779,984)**	(114,172)	**29,814,132**	24,021,264	**29,034,148**	23,907,092
Net position (deficit) - ending	**$ 7,315,069**	$ (779,984)	**$ 44,796,742**	$ 29,814,132	**$ 52,111,811**	$ 29,034,148

For the year ended September 30, 2025, governmental activities' revenues exceeded expenses by $8,095,053, while business-type activities' revenues exceeded expenses by $14,982,610. Total revenues increased $18,906,660 from the previous year mainly due to an increase in grant revenues and charge for services. Total expenses increased $956,053 from the previous year mainly due to increases in public safety expenditures and interest payments related to long term debt. 30% of the revenues for governmental activities were generated by gross receipts, franchise and utility taxes and 54% were generated by operating and capital grants and contributions. Most of the governmental resources were expended for general government (14%), public safety (56%), and highways and streets (12%). Charges for services (38%) and grants and contributions (61%) provided the majority of the revenues business-type activities. Sewer expenses consumed the majority (46%) of business-type activities, followed by water expenses (30%).

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the general fund. As of September 30, 2025, total assets were $18,239,346, total liabilities were $11,374,542, and total deferred inflows of resources were $674,623. At the end of fiscal year 2025, unassigned fund balance of the general fund was $5,187,840 while the total fund balance was $6,190,181.

Community Redevelopment Fund

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

Proprietary Funds

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

Unrestricted net position of the proprietary funds at September 30, 2025 and 2024 are presented below.

September 30,	**2025**	2024
Water	**$ (2,817,500)**	$ (1,864,560)
Sewer	**15,173,861**	13,902,848
Sanitation	**482,493**	716,940
Total	**$ 12,838,854**	$ 12,755,228

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

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2025, was $65,710,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings, streets, improvements, machinery and equipment, and infrastructure.

Capital Assets
(net of depreciation)

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

	Governmental Activities		**Business-type Activities**		**Total**	
September 30,	**2025**	2024	**2025**	2024	**2025**	2024
Land	**$ 1,662,391**	$ 1,662,391	**$ 623,101**	$ 623,101	**$ 2,285,492**	$ 2,285,492
Construction in progress	**17,209,520**	3,605,774	**10,536,292**	4,768,656	**27,745,812**	8,374,430
Buildings	**251,371**	273,942	**76,272**	85,300	**327,643**	359,242
Improvements/ distribution system	**2,298,349**	2,447,254	**25,486,948**	15,331,517	**27,785,297**	17,778,771
Machinery and equipment	**2,556,877**	1,788,585	**890,018**	807,308	**3,446,895**	2,595,893
Streets	**4,052,606**	4,402,878	**-**	-	**4,052,606**	4,402,878
Right-to-use assets	**50,544**	70,274	**16,218**	21,975	**66,762**	92,249
Total	**$ 28,081,658**	**$ 14,251,098**	**$ 37,628,849**	**$ 21,637,857**	**$ 65,710,507**	**$ 35,888,955**

Debt Management

At the end of fiscal year 2025, the City had total outstanding debt in the amount of $25,380,717. This debt balance represents notes payable secured by specified revenue sources, liabilities for leased assets, and financed purchases of assets.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
September 30,	**2025**	2024	**2025**	2024	**2025**	2024
Lease liability	**$ 28,412**	$ 38,021	**$ 17,127**	$ 22,392	**$ 45,539**	$ 60,413
Subscription liability	**18,794**	27,190	**-**	-	**18,794**	27,190
Financed purchases	**-**	-	**-**	628,966	**-**	628,966
Notes payable	**17,902,896**	2,902,896	**7,413,488**	5,400,916	**25,316,384**	8,303,812
Total	**$ 17,950,102**	$ 2,968,107	**$ 7,430,615**	$ 6,052,274	**$ 25,380,717**	$ 9,020,381

Principal repayments during the year totaled $1,046,488 on notes payable, financed purchases, lease liability, and subscription liability. Additional debt proceeds of $17,406,824 were received during the year related to lease and notes payable.

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

General Fund Budgetary Highlights

The general fund final actual revenues exceeded budgeted revenues, including other financing sources and uses, by $16,478,614 which was primarily due to the City not budgeting for debt proceeds. The general fund actual expenditures were greater than the final budgeted expenditures by $8,069,872.

Economic Factors and Next Year's Budget

The next year's budget for 2026 includes an overall increase in most departmental budgets. The City has received and projects an increase in revenues from ad valorem taxes as well as fire assessment fees. These additional revenues are from increased property values and new construction. Water rates were increased 5% per 1,000 gallons, Sewer rates were increased 5% per 1,000 gallons, and Sanitation rates were increased 5% to offset the costs associated with providing these services.

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

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City of Springfield, Florida's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Springfield Finance Department, 1121 Transmitter Rd., Panama City, Florida 32401.

	Primary Government		
September 30, 2025	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ 12,883,044	$ 1,234,463	$ 14,117,507
Receivables, net	134,695	562,895	697,590
Prepaid items	22,798	-	22,798
Internal balances	(4,644,733)	4,644,733	-
Due from other governments	2,594,250	2,598,291	5,192,541
Due from joint venture	-	1,020,571	1,020,571
Restricted assets			
Cash and cash equivalents			
Customer deposits	-	891,918	891,918
Debt service	-	160,242	160,242
Impact fees	-	1,124,663	1,124,663
Stormwater fees	-	474,749	474,749
Other	1,398,847	-	1,398,847
Investment in joint venture	-	4,437,367	4,437,367
Capital assets			
Nondepreciable	18,871,911	11,159,393	30,031,304
Depreciable, net	9,159,203	26,453,238	35,612,441
Right-to-use lease assets, net	29,318	16,218	45,536
Right-to-use subscription assets, net	21,226	-	21,226
Total assets	40,470,559	54,778,741	95,249,300
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,778,722	77,981	1,856,703
Deferred outflows related to OPEB	1,795,971	292,368	2,088,339
Total deferred outflows of resources	3,574,693	370,349	3,945,042
Liabilities			
Accounts payable	3,842,850	519,377	4,362,227
Accrued interest	228,000	108,861	336,861
Accrued liabilities	235,550	26,281	261,831
Pension contributions payable	52,809	-	52,809
Unearned revenues	299,599	-	299,599
Deposits held in custody for others	5,763	-	5,763
Customer deposits	9,163	854,246	863,409

September 30, 2025		Governmental Activities		Business-type Activities		Total
Non-current liabilities						
Due within one year						
Compensated absences	$	31,738	$	1,273	$	33,011
Notes payable		3,552,896		495,431		4,048,327
Lease liability		10,396		5,634		16,030
Subscription liability		9,046		-		9,046
Other postemployment benefits		102,818		16,738		119,556
Due in more than one year						
Compensated absences		126,952		7,210		134,162
Notes payable		14,350,000		6,918,057		21,268,057
Lease liability		18,016		11,493		29,509
Subscription liability		9,748		-		9,748
Net pension liability		6,082,471		266,663		6,349,134
Other postemployment benefits		2,078,299		338,900		2,417,199
Total liabilities		31,046,114		9,570,164		40,616,278
Deferred Inflows of Resources						
Deferred inflows related to pensions		1,203,279		52,754		1,256,033
Deferred inflows related to OPEB		4,480,790		729,430		5,210,220
Total deferred inflows of resources		5,684,069		782,184		6,466,253
Net Position						
Net investment in capital assets		13,034,452		30,198,234		43,232,686
Restricted						
Community redevelopment fund		1,078,363		-		1,078,363
Capital projects		974,505		-		974,505
Debt service		-		160,242		160,242
Impact fees		-		1,124,663		1,124,663
Public safety		5,038		-		5,038
Stormwater fees		-		474,749		474,749
Unrestricted (deficit)		(7,777,289)		12,838,854		5,061,565
Total net position (deficit)	$	7,315,069	$	44,796,742	$	52,111,811

The accompanying notes are an integral part of these financial statements.

For the year ended September 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	$ 1,483,522	$ 239,651	$ 9,156,278	$ 831,694	$ 8,744,101	$ -	$ 8,744,101
Public safety	5,785,824	767,349	-	-	(5,018,475)	-	(5,018,475)
Highways and streets	1,267,488	-	-	10,012	(1,257,476)	-	(1,257,476)
Maintenance	205,304	-	-	-	(205,304)	-	(205,304)
Culture and recreation	461,217	24,000	-	-	(437,217)	-	(437,217)
Community redevelopment	60,017	-	-	-	(60,017)	-	(60,017)
Interest on long-term debt	620,355	-	-	-	(620,355)	-	(620,355)
Total governmental activities	9,883,727	1,031,000	9,156,278	841,706	1,145,257	-	1,145,257
Business-type activities							
Water	1,836,377	1,922,990	-	3,560,273	-	3,646,886	3,646,886
Sewer	2,797,039	4,259,800	63,422	7,868,277	-	9,394,460	9,394,460
Sanitation	1,508,892	1,645,640	-	1,200,489	-	1,337,237	1,337,237
Total business-type activities	6,142,308	7,828,430	63,422	12,629,039	-	14,378,583	14,378,583
Total primary government	$ 16,026,035	$ 8,859,430	$ 9,219,700	$ 13,470,745	1,145,257	14,378,583	15,523,840

(Continued)

The accompanying notes are an integral part of these financial statements.

For the year ended September 30, 2025	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
General revenues and transfers			
Taxes			
Ad valorem taxes	$ 1,643,684	$ -	$ 1,643,684
Utility taxes	770,519	-	770,519
Local option gas tax	221,870	-	221,870
Communications services tax	127,679	-	127,679
Half-cent sales tax	2,249,840	-	2,249,840
Local business tax	34,339	-	34,339
Tax increment funds	506,805	-	506,805
State shared revenues	560,646	-	560,646
Franchise fees	555,000	-	555,000
Impact fees	-	153,468	153,468
Miscellaneous revenues	559,220	74,413	633,633
Interest earnings	173,665	-	173,665
Gain (loss) on disposal of assets	(33,124)	(44,201)	(77,325)
Transfers, net	(420,347)	420,347	-
Total general revenues and transfers	6,949,796	604,027	7,553,823
Change in net position	8,095,053	14,982,610	23,077,663
Net position (deficit) - beginning of year	(779,984)	29,814,132	29,034,148
Net position (deficit) - end of year	$ 7,315,069	$ 44,796,742	$ 52,111,811

The accompanying notes are an integral part of these financial statements.

Balance Sheet - Governmental Funds

September 30, 2025	General	Community Redevelopment	Total
Assets			
Cash and cash equivalents	$ 12,888,807	$ -	$ 12,888,807
Restricted cash and cash equivalents	287,730	1,105,354	1,393,084
Accounts receivable, net	134,695	-	134,695
Due from other funds	2,311,066	7,936	2,319,002
Due from other governments	2,594,250	-	2,594,250
Prepaid items	22,798	-	22,798
Total assets	$ 18,239,346	$ 1,113,290	$ 19,352,636
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 3,807,923	$ 34,927	$ 3,842,850
Accrued liabilities	235,550	-	235,550
Pension contributions payable	52,809	-	52,809
Customer deposits	9,163	-	9,163
Unearned revenue	299,599	-	299,599
Deposits held in custody of others	5,763	-	5,763
Due to other funds	6,963,735	-	6,963,735
Total liabilities	11,374,542	34,927	11,409,469
Deferred inflows of resources			
Unavailable revenue - grant revenues	674,623	-	674,623
Total deferred inflows of resources	674,623	-	674,623
Fund balances			
Nonspendable			
Prepaids	22,798	-	22,798
Restricted			
Public safety	5,038	-	5,038
Community redevelopment fund	-	1,078,363	1,078,363
Capital improvements	974,505	-	974,505
Unassigned	5,187,840	-	5,187,840
Total fund balance	6,190,181	1,078,363	7,268,544
Total liabilities, deferred inflows of resources, and fund balances	$ 18,239,346	$ 1,113,290	$ 19,352,636

The accompanying notes are an integral part of these financial statements.

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

September 30, 2025

Total fund balances - governmental funds		$ 7,268,544
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 33,745,486	
Less accumulated depreciation and amortization	(5,663,828)	28,081,658
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,778,722
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(1,203,279)
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,795,971
Deferred inflow of resources related to OPEB earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(4,480,790)
Some revenues will not be collected within 60 days after the close of the City's fiscal year-end and are not considered as "available" revenue in the governmental funds and, therefore, are reported as deferred inflows of resources. In the statement of net position, which is on the full accrual basis, the revenue is fully recognized in the statement of activities.		674,623
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences	$ (158,690)	
Notes payable	(17,902,896)	
Lease liability	(28,412)	
Subscription liability	(18,794)	
Other postemployment benefits	(2,181,117)	
Net pension liability	(6,082,471)	
Accrued interest	(228,000)	(26,600,380)
Net position of governmental activities		$ 7,315,069

The accompanying notes are an integral part of these financial statements.

For the year ended September 30, 2025	General	Community Redevelopment	Total
Revenues			
Taxes			
Ad valorem taxes	$ 1,643,684	$ -	$ 1,643,684
Utility taxes	770,519	-	770,519
Local option gas tax	221,870	-	221,870
Communications services tax	127,679	-	127,679
Half-cent sales tax	2,249,840	-	2,249,840
Local business tax	34,339	-	34,339
Tax increment funds	-	506,805	506,805
Intergovernmental	699,681	-	699,681
Licenses and permits	843,070	-	843,070
Franchise fees	555,000	-	555,000
Charges for services	43,851	-	43,851
Fines and forfeitures	103,642	-	103,642
Rents	24,000	-	24,000
Interest	173,665	-	173,665
Grants	9,866,956	-	9,866,956
Contributions and donations	10,012	-	10,012
Other fees and miscellaneous	573,910	-	573,910
Total revenues	17,941,718	506,805	18,448,523
Expenditures			
Current			
General government	1,573,406	-	1,573,406
Public safety	5,871,646	-	5,871,646
Highways and streets	811,597	-	811,597
Maintenance	206,968	-	206,968
Culture and recreation	440,788	-	440,788
Community redevelopment	-	60,017	60,017
Capital outlay			
General government	4,878,861	-	4,878,861
Public safety	7,029,769	-	7,029,769
Highways and streets	1,019,539	-	1,019,539
Maintenance	862,174	-	862,174
Culture and recreation	1,007,518	-	1,007,518
Debt service			
Principal	18,002	-	18,002
Interest	392,361	-	392,361
Total expenditures	24,112,629	60,017	24,172,646

(Continued)

For the year ended September 30, 2025	General	Community Redevelopment	Total
Excess (deficiency) of revenues over (under) expenditures	$ (6,170,911)	$ 446,788	$ (5,724,123)
Other Financing Sources (Uses)			
Transfer out	(420,347)	-	(420,347)
Debt proceeds	15,000,000	-	15,000,000
Total other financing sources (uses)	14,579,653	-	14,579,653
Net change in fund balances	8,408,742	446,788	8,855,530
Fund balances, beginning of year	(2,218,561)	631,575	(1,586,986)
Fund balances, end of year	$ 6,190,181	$ 1,078,363	$ 7,268,544

City of Springfield, Florida
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2025

Net change in fund balances - total governmental funds (page 18)		$ 8,855,530
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay exceed depreciation and amortization in the current period.		
Capital outlay	14,797,861	
Depreciation and amortization expense	(917,906)	13,879,955
In the statement of activities, the gain or loss on the disposal, donation, or transfer of capital assets is reported, whereas in the governmental funds, these are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets.		(49,395)
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt proceeds	(15,000,000)	
Principal payments	18,002	
Change in accrued interest	(228,000)	(15,209,998)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.		(49,627)
Changes to the OPEB liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.		295,036
Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.		373,552
Change in net position of governmental activities (page 14)		$ 8,095,053

The accompanying notes are an integral part of these financial statements.

	Business-type Activities-Enterprise Funds			
September 30, 2025	Water	Sewer	Sanitation	Total
Assets				
Current assets				
Cash and cash equivalents	$ 300	$ 1,218,698	$ 15,465	$ 1,234,463
Accounts receivable, net	135,344	314,992	112,559	562,895
Due from joint venture	-	1,020,571	-	1,020,571
Due from other governments	387,392	2,069,662	141,237	2,598,291
Due from other funds	69,313	6,868,618	367,655	7,305,586
Total current assets	592,349	11,492,541	636,916	12,721,806
Noncurrent assets				
Restricted assets				
Cash and cash equivalents				
Customer deposits	891,918	-	-	891,918
Debt service funds	109,761	50,481	-	160,242
Impact fees	457,917	666,746	-	1,124,663
Stormwater fees	474,749	-	-	474,749
Investment in joint venture	-	4,437,367	-	4,437,367
Capital assets				
Nondepreciable	7,529,562	1,846,250	1,783,581	11,159,393
Depreciable, net	3,910,235	22,522,257	20,746	26,453,238
Right-to-use lease assets, net	5,406	5,406	5,406	16,218
Total noncurrent assets	13,379,548	29,528,507	1,809,733	44,717,788
Total assets	13,971,897	41,021,048	2,446,649	57,439,594
Deferred Outflows of Resources				
Deferred outflows related to pensions	42,704	35,277	-	77,981
Deferred outflows related OPEB	146,184	146,184	-	292,368
Total deferred outflows of resources	188,888	181,461	-	370,349
Liabilities				
Current liabilities				
Accounts payable	214,247	150,707	154,423	519,377
Accrued interest	99,232	9,629	-	108,861
Accrued liabilities	11,804	14,477	-	26,281
Compensated absences	455	818	-	1,273

(Continued)

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

	Business-type Activities-Enterprise Funds			
September 30, 2025	Water	Sewer	Sanitation	Total
Due to other funds	$ 2,590,640	$ 70,213	$ -	$ 2,660,853
Customer deposits	854,246	-	-	854,246
Current portion of lease liability	1,878	1,878	1,878	5,634
Current portion of notes payable	226,728	268,703	-	495,431
Current portion of OPEB	8,369	8,369	-	16,738
Total current liabilities	4,007,599	524,794	156,301	4,688,694
Noncurrent liabilities				
Compensated absences	2,578	4,632	-	7,210
Total OPEB liability	169,450	169,450	-	338,900
Net pension liability	146,030	120,633	-	266,663
Lease liability due after one year	3,831	3,831	3,831	11,493
Notes payable due after one year	2,328,137	4,589,920	-	6,918,057
Total noncurrent liabilities	2,650,026	4,888,466	3,831	7,542,323
Total liabilities	6,657,625	5,413,260	160,132	12,231,017
Deferred Inflows of Resources				
Deferred inflows related to pensions	28,889	23,865	-	52,754
Deferred inflows related to OPEB	364,715	364,715	-	729,430
Total deferred inflows of resources	393,604	388,580	-	782,184
Net position				
Net investment in capital assets	8,884,629	19,509,581	1,804,024	30,198,234
Restricted for				
Debt service	109,761	50,481	-	160,242
Impact fees	457,917	666,746	-	1,124,663
Stormwater fees	474,749	-	-	474,749
Unrestricted (deficit)	(2,817,500)	15,173,861	482,493	12,838,854
Total net position	$ 7,109,556	$ 35,400,669	$ 2,286,517	$ 44,796,742

The accompanying notes are an integral part of these financial statements.

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

	Business-type Activities-Enterprise Funds			
For the year ended September 30, 2025	Water	Sewer	Sanitation	Total
Operating Revenues				
Charges for services				
Sales	$ 1,661,417	$ 4,066,798	$ 1,602,103	$ 7,330,318
Connection/reconnection fees	152,060	-	-	152,060
Penalties	46,742	131,252	43,537	221,531
Tap fees	62,771	61,750	-	124,521
Miscellaneous revenues	16,442	57,971	-	74,413
Impact fees	69,397	84,071	-	153,468
Total operating revenues	2,008,829	4,401,842	1,645,640	8,056,311
Operating Expenses				
Personnel services	292,347	330,114	-	622,461
Professional services	57,882	49,542	43,750	151,174
Contractual services	47,714	113,463	1,363,783	1,524,960
Insurance	186,371	186,371	34,355	407,097
Repairs and maintenance	253,019	102,136	-	355,155
Operating supplies	51,279	73,379	13,747	138,405
Communication services	18,481	24,422	13,847	56,750
Public utility purchases	546,751	1,222,557	669	1,769,977
Bad debt	42,287	31,598	17,665	91,550
Miscellaneous	46,712	21,214	15,690	83,616
Amortization	1,919	1,919	1,919	5,757
Depreciation	235,114	629,400	2,953	867,467
Total operating expenses	1,779,876	2,786,115	1,508,378	6,074,369
Operating income	228,953	1,615,727	137,262	1,981,942

(Continued)

The accompanying notes are an integral part of these financial statements.

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

For the year ended September 30, 2025	Business-type Activities-Enterprise Funds			
	Water	Sewer	Sanitation	Total
Nonoperating Revenues (Expenses)				
Income from joint venture	$ -	$ 63,422	$ -	$ 63,422
Interest expense	(56,501)	(10,924)	(514)	(67,939)
Capital grants	3,560,273	7,868,277	1,200,489	12,629,039
Gain (loss) on disposal of assets	(11,014)	(33,187)	-	(44,201)
Total nonoperating revenues (expenses)	3,492,758	7,887,588	1,199,975	12,580,321
Income (Loss) Before Transfers	3,721,711	9,503,315	1,337,237	14,562,263
Transfers in	189,452	230,895	-	420,347
Change in net position	3,911,163	9,734,210	1,337,237	14,982,610
Net position, beginning of year	3,198,393	25,666,459	949,280	29,814,132
Net position, end of year	$ 7,109,556	$ 35,400,669	$ 2,286,517	$ 44,796,742

For the year ended September 30, 2025	Business-type Activities/Enterprise Funds Water	Sewer	Sanitation	Total
Operating Activities				
Cash received from customers for sales and services	$ 3,195,759	$ 5,032,750	$ 1,845,709	$ 10,074,218
Cash payments to employees	(322,812)	(354,812)	-	(677,624)
Cash payments to suppliers for goods and services	(1,303,994)	(1,888,979)	(1,351,736)	(4,544,709)
Net cash provided by operating activities	1,568,953	2,788,959	493,973	4,851,885
Noncapital Financing Activities				
Cash transfers out to other funds	189,452	230,895	-	420,347
Net cash provided by (used in) noncapital financing activities	189,452	230,895	-	420,347
Capital and Related Financing Activities				
Acquisition of capital assets	(4,110,071)	(8,845,420)	(1,574,801)	(14,530,292)
Proceeds for capital grants	3,418,584	6,563,885	1,060,110	11,042,579
Principal paid on notes payable	(167,265)	(226,988)	-	(394,253)
Principal paid on lease liabilities	(1,755)	(1,758)	(1,755)	(5,268)
Principal paid on financed purchases	(628,966)	-	-	(628,966)
Interest paid on long-term debt and lease liabilities	(53,115)	(4,632)	(514)	(58,261)
Proceeds from sales of capital assets	8,700	20,003	-	28,703
Net cash used by capital and related financing activities	(1,533,888)	(2,494,910)	(516,960)	(4,545,758)
Investing activities				
Investment in joint venture	-	(113,885)	-	(113,885)
Net cash provided by (used in) investing activities	-	(113,885)	-	(113,885)
Net increase (decrease) in cash and cash equivalents	224,517	411,059	(22,987)	612,589
Cash and cash equivalents, beginning of year	1,710,128	1,524,866	38,452	3,273,446
Cash and cash equivalents, ending of year	$ 1,934,645	$ 1,935,925	$ 15,465	$ 3,886,035
Cash and cash equivalents classified as				
Current assets	$ 300	$ 1,218,698	$ 15,465	$ 1,234,463
Restricted assets	1,934,345	717,227	-	2,176,823
Total cash and cash equivalents	$ 1,934,645	$ 1,935,925	$ 15,465	$ 3,886,035

(Continued)

	Business-type Activities/Enterprise Funds			
For the year ended September 30, 2025	Water	Sewer	Sanitation	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	$ 228,953	$ 1,615,727	$ 137,262	$ 1,981,942
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	235,114	629,400	2,953	867,467
Amortization	1,919	1,919	1,919	5,757
Change in assets, deferred outflows, liabilities and deferred inflows				
(Increase) decrease in assets and deferred outflows				
Accounts receivable, net	29,178	(18,101)	9,949	21,026
Due from other funds	45,779	712,114	197,957	955,850
Deferred outflows related to pension	10,852	8,965	-	19,817
Deferred outflows related to OPEB	5,218	5,218	-	10,436
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	(53,498)	(64,297)	151,770	33,975
Accrued liabilities	3,067	4,058	-	7,125
Prepaid utility charges	(15,534)	(17,326)	(7,837)	(40,697)
Accrued compensated absences	(548)	2,666	-	2,118
Due to other funds	1,096,805	(45,779)	-	1,051,026
Net pension liability	(30,953)	(25,569)	-	(56,522)
Other postemployment benefits liability	28,752	28,752	-	57,504
Customer deposits	30,702	-	-	30,702
Deferred inflows related to pension	11,132	9,197	-	20,329
Deferred inflows related to OPEB	(57,985)	(57,985)	-	(115,970)
Total adjustments	1,340,000	1,173,232	356,711	2,869,943
Net cash provided by operating activities	$ 1,568,953	$ 2,788,959	$ 493,973	$ 4,851,885
Noncash Capital and Related Financing Activities				
Acquisition of capital assets through leases and debt	$ 1,168,147	$ 1,238,678	$ -	$ 2,406,825

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Units

The Community Redevelopment Agency (CRA) was organized to finance development within the geographic boundaries of the community redevelopment area. Although legally separate, the CRA is operated by the City and was created on March 30, 2007 by City Ordinance 07-05 pursuant to Florida Statute 163.357. All of the City's commission members serve as board members of the CRA and the services provided by the CRA create a financial benefit relationship with the City. Their financial statements are included in the City's financial statements as a special revenue fund. The Agency also issues separate financial statements. These may be obtained from the City at 408 School Avenue, Springfield, Florida 32401.

Government-Wide and Fund Financial Statements

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

Government-Wide Financial Statements

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

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

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

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

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

Excess of Expenditures over Appropriations

For the year ended September 30, 2025, expenditures exceeded appropriations by fund (the legal level of budgetary control) in the General Fund by $8,069,872.

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

Cash and cash equivalents

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

Receivables and payables

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements **(continued)**

Interfund Activities and Transactions

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

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

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

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

Long-term Obligations

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

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

Leases

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

Pensions

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Post-Employment Benefits (OPEB) Liability

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

Categories and Classification of Net Position and Fund Balance

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

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

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

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

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

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

Each assessment roll is submitted to the executive director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mils for general operations. The City's millage rate for the year ended September 30, 2025, was 4.8650 mils.

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Encumbrances

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

Reclassifications

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2026 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This Statement differs from the prior standards in that governments should recognize a liability for (1) all forms of compensated absences, not just vacation leave, sick leave, and similar types of leave; (2) leave that may be carried forward and used and paid for while still employed, in addition to leave that may be carried forward and paid for at the end of employment; (3) leave that is more likely than not (instead of probable) to be used, paid, or settled; and (4) parental leave, military leave, jury duty leave, and other types of compensated absences that depend upon the occurrence of a

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

sporadic event that affects a relatively small proportion of employees, but not until the leave commences. The potential effect of implementing this Statement is to encompass compensated absences for which long-term liabilities previously were not recognized, including sick leave, which City policy allows to be carried forward and used and paid for while still employed but not paid for at the end of employment. There were no significant impacts of implementing this Statement.

GASB Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide essential information about risks related to a government's vulnerabilities due to certain concentrations (a lack of diversification related to an aspect of a significant revenue source or expense) or constraints (limitations Imposed externally or by formal action of a government's highest level of decision-making authority). A government is required to disclose information about such risks if a concentration or constraint (1) is known to the government before the financial statements are available to be issued, (2) makes the government vulnerable to the risk of a substantial impact, and (3) an event or events associated with the concentration or constraint that could cause the substantial impact has occurred, begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are available to be issued. There were no significant impacts of implementing this Statement.

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

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting blueprint to enhance its effectiveness in providing essential information and to address certain application issues. The Statement requires changes to management's discussion and analysis to make it easier to read and understand and to focus on explaining the reasons why balances and results of operation have changed. The Statement also provides more explicit definitions of operating and nonoperating revenues and expenses and changes the presentation of nonoperating revenues and expenses in the proprietary funds statement of revenues, expenses, and changes in fund net position. The new standards also (1) combine extraordinary items and special items into a single category, unusual or infrequent items, and clarify how they should be reported; (2) limits the reporting of major component unit information to the face of the government-wide financial statements, if it does not reduce their readability, or in combining financial statements following the fund financial statements; and (3) requires that budgetary comparisons be presented as required supplementary information, eliminating the option to present them as basic financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. In addition to existing requirements regarding the level of detail with which notes to financial statements should disclose intangible right-to-use lease and subscription-based information technology arrangements (SBITA) assets, the Statement requires that (1) intangible right-to-use assets recognized by government operators in a public-public partnership should be disclosed by major class of underlying asset; (2) other types of intangible assets should be disclosed by major class; and (3) right-to-use assets should be disclosed separately from owned assets of the same type. The Statement also establishes that capital assets held for sale are those a government has decided to sell and whose sale within a year of the financial statement date is probable. Capital assets held for sale should be disclosed together with other capital assets of the same class. Governments also should disclose in notes the historical cost and accumulated depreciation (or amortization) of capital assets held for sale, as well as the carrying amount of debt for which they are pledged as collateral, by major class of asset for governmental and business-type activities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to enhance the consistency with which the standards for reporting subsequent events are applied, thereby better meeting the information needs of financial statement users. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued (that is, when the financial statements are complete in a form and format that complies with generally accepted accounting principles and approvals necessary for issuance have been obtained), rather than the date the financial statements are issued. The date through which subsequent events have been evaluated should be disclosed. A recognized subsequent event provides evidence of conditions that existed at the financial statement date that inform accounting estimates reported as of the financial statement date and should be reflected in those estimates. A nonrecognized subsequent event results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs and is one of the following: a debt-related transaction; government combination or a disposal of government operations; a change to the legally separate entities that compose the financial reporting entity; or a transaction or other event that is of such a nature that disclosure is essential to a user's analysis for making decisions or assessing accountability. Governments will be required to disclose a description of the nonrecognized event and its effect and an estimate of the amount of the effect (or the reason why an estimate cannot be made).

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2025, the City's bank balances are covered by federal depository insurance (FDIC) coverage limits and monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

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

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

- The Local Government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interposal Cooperation Act as provided in State of Florida Statutes section 163.01
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- Interest-bearing time deposits or savings accounts in state-certified qualified public depositories as defined in State of Florida Statutes section 280.02
- Direct obligations of the United States Treasury

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2025, the City did not hold any investments that were considered to be a custodial credit risk.

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

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy limits investments to securities with specific ranking criteria. At September 30, 2025, the City did not hold any investments that were considered to be a credit risk.

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. As September 30, 2025, the City did not hold any investments that were considered to be a concentration of credit risk.

Accounts Receivable

For the Water, Sewer, and Sanitation Utility Funds, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2025 (unbilled receivable), is estimated and accrued at year-end. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectable accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2025, were as follows:

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (Continued)

		Accounts Receivable		Unbilled Receivable		Allowance for Uncollectible		Net
General fund	$	134,695	$	-	$	-	$	134,695
Enterprise funds								
Water fund		46,157		140,094		(50,907)		135,344
Sewer fund		42,079		333,397		(60,484)		314,992
Sanitation fund		11,391		126,113		(24,945)		112,559
Total	$	234,321	$	599,605	$	(136,336)	$	697,590

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2025.

Capital Assets

The following is a summary of changes in capital assets of the governmental activities during the year ended September 30, 2025:

For the year ended September 30, 2025		Beginning Balance		Increases		Decreases		Ending Balance
Capital assets, not being depreciated								
Land	$	1,662,391	$	-	$	-	$	1,662,391
Construction in progress		3,605,774		13,603,746		-		17,209,520
Total capital assets, not being depreciated		5,268,165		13,603,746		-		18,871,911
Capital assets, being depreciated								
Buildings		415,694		-		-		415,694
Streets		5,476,425		-		-		5,476,425
Improvements		3,563,607		-		-		3,563,607
Intangible assets		50,571		-		-		50,571
Machinery and equipment		4,346,750		1,194,115		(272,238)		5,268,627
Total capital assets, being depreciated		13,853,047		1,194,115		(272,238)		14,774,924

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

For the year ended September 30, 2025	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for				
Buildings	(141,752)	(22,571)	-	(164,323)
Streets	(1,073,547)	(350,272)	-	(1,423,819)
Improvements	(1,116,353)	(148,905)	-	(1,265,258)
Intangible assets	(50,571)	-	-	(50,571)
Machinery and equipment	(2,558,165)	(376,428)	222,843	(2,711,750)
Total accumulated depreciation	(4,940,388)	(898,176)	222,843	(5,615,721)
Total capital assets being depreciated, net	8,912,659	295,939	(49,395)	9,159,203
Right-to-use lease assets, being amortized				
Equipment	$ 68,183	$ -	$ -	$ 68,183
Less accumulated amortization for				
Equipment	(28,232)	(10,633)	-	(38,865)
Right-to-use lease assets being amortized, net	39,951	(10,633)	-	29,318
Right-to-use subscription assets, being amortized				
Subscription-based information technology arrangements	45,485	-	-	45,485
Less accumulated amortization for				
Subscription-based information technology arrangements	(15,162)	(9,097)	-	(24,259)
Right-to-use subscription assets being amortized, net	30,323	(9,097)	-	21,226
Total governmental activities' capital assets (net)	$ 14,251,098	$ 13,879,955	$ (49,395)	$ 28,081,658

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

The following is a summary of changes in capital assets of the business-type activities during the year ended September 30, 2025:

For the year ended September 30, 2025	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 623,101	$ -	$ -	$ 623,101
Construction in progress	4,768,656	16,677,114	(10,909,478)	10,536,292
Total capital assets not being depreciated	5,391,757	16,677,114	(10,909,478)	11,159,393
Capital assets being depreciated				
Buildings and improvements	$ 130,475	$ -	$ -	$ 130,475
Distribution system	19,395,778	10,851,673	(13,158)	30,234,293
Intangible assets	124,407	-	-	124,407
Machinery and equipment	2,180,949	260,006	(274,222)	2,166,733
Total capital assets being depreciated	21,831,609	11,111,679	(287,380)	32,655,908
Less accumulated depreciation				
Buildings and improvements	(45,175)	(9,028)	-	(54,203)
Distribution system	(4,064,261)	(688,348)	5,264	(4,747,345)
Intangible assets	(124,407)	-	-	(124,407)
Machinery and equipment	(1,373,641)	(170,092)	267,018	(1,276,715)
Total accumulated depreciation	(5,607,484)	(867,468)	272,282	(6,202,670)
Total capital assets being depreciated, net	16,224,125	10,244,211	(15,098)	26,453,238
Right-to-use lease assets being amortized				
Equipment	28,785	-	-	28,785
Accumulated amortization				
Equipment	(6,810)	(5,757)	-	(12,567)

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

For the year ended September 30, 2025	Beginning Balance	Increases	Decreases	Ending Balance
Right-to-use lease assets being amortized (net of accumulated amortization)	21,975	(5,757)	-	16,218
Total business-type activities' capital assets (net)	$ 21,637,857	$ 26,915,568	$ (10,924,576)	$ 37,628,849

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

Governmental activities	
General government	$ 24,637
Public safety	348,830
Highways and streets	483,651
Maintenance	10,565
Culture and recreation	50,223
Total depreciation and amortization expense - governmental activities	$ 917,906

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

Business-type activities	
Water	$ 237,033
Sewer	631,319
Sanitation	4,872
Total depreciation and amortization expense - business-type activities	$ 873,224

Long-term Debt and Liabilities

Community Disaster Loan

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Law 93-288, was due in September 2025. In September 2025, prior to the due date, the City submitted an application for cancellation of the loan through the Federal Emergency Management Agency (FEMA) cancellation request process. On May 11, 2026 FEMA formally approved the forgiveness of the full balance of the loan.

City Complex Note

On December 4, 2024, the City, obtained a $15,000,000 note through a local bank in order to facilitate financing certain costs associated with construction of the new city complex. The note has a fixed interest rate of 4.56% per year. Interest is payable semi-annually on June 1st and December 1st. Principal payments are due annually on December 1st, with the final payment being due on December 1, 2039. The note may be prepaid without penalty or premium on December 1, 3032 or any date thereafter. Interest of $336,300 was paid during the year ended September 30, 2025. As of September 30, 2025, no principal payments have been made.

State Revolving Fund Loan DW0308010

The City borrowed $2,796,462 under the State of Florida Revolving Fund Program on April 15, 2007 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The loan is secured by a pledge of gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the water system operations, including investment income. The interest rate is 2.64%. Principal and interest is payable semi-annually on October 15 and April 15, commencing April 15, 2014. Interest of $22,187 was paid on this debt during the year ended September 30, 2025. The remaining principal on this debt as of September 30, 2025, totaled $710,405.

State Revolving Fund Loan WW030501

The City borrowed $5,604,730 under the State of Florida Revolving Fund Program on December 8, 2016 to finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system. The loan was amended July 19, 2018 to add an additional $500,000 of available funding plus $122,095 in loan service fees. The City has drawn on $1,950,504 of available funds after loan forgiveness of $4,154,226, which includes capitalized interest of $597. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the sewer system operations, including investment income. The interest rates ranging from 0% to 0.2%. Principal and interest is payable semi-annually on March 15 and September 15, commencing September 15, 2019. Interest of $732 was paid on this debt during the year ended September 30, 2025. The remaining principal on this debt as of September 30, 2025, totaled $1,401,639.

State Revolving Fund Loan WW030520

The City borrowed $6,404,835 under the State of Florida Revolving Fund Program on March 8, 2019 to finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system. The City has drawn on $2,352,310 of available funds after loan forgiveness of $4,063,425, which includes capitalized interest of $10,900. The loan is secured by a pledge of gross revenues from the operation of the

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the sewer system operations, including investment income. The interest rate is 0.105%. Principal and interest is payable semi-annually on December 15 and June 15, commencing December 15, 2021. Interest of $4,384 was paid on this debt during the year ended September 30, 2025. The remaining principal on this debt as of September 30, 2025, totaled $1,868,783.

State Revolving Fund Loan DW030513

The City borrowed $7,529,254 under the State of Florida Revolving Fund Program on May 9, 2023 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The City has drawn on $5,394,736 of available funds after loan forgiveness of $3,550,276. The loan is secured by a pledge of gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the water system operations, including investment income. The interest rate is 0.47%. Principal and interest was originally payable semi-annually on March 15 and September 15, commencing September 15, 2025. During the current year, the loan was amended to principal and interest payable semi-annually on February 15 and August 15, commencing August 15, 2026. Interest of $0 was paid on this debt during the year ended September 30, 2025. The remaining principal on this debt as of September 30, 2025, totaled $1,844,461.

State Revolving Fund Loan CW030532

The City borrowed $10,712,849 under the State of Florida Revolving Fund Program on March 23, 2023 to finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system. The City has drawn on $7,941,004 of available funds after loan forgiveness of $6,352,803. The loan is secured by a pledge of gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations. Gross revenues include all income and earnings of the sewer system operations, including investment income. The interest rate is 0.58%. Principal and interest was originally payable semi-annually on March 15 and September 15, commencing September 15, 2025. During the current year, the loan was amended to principal and interest payable semi-annually on February 15 and August 15, commencing August 15, 2026. Interest of $0 was paid on this debt during the year ended September 30, 2025. The remaining principal on this debt as of September 30, 2025, totaled $1,588,200.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The following is a summary of governmental activities notes payable for the year ended September 30, 2025:

	Governmental Activities			
For the years ending September 30,	City Complex Note		Community Disaster Loan	
	Principal	**Interest**	**Principal**	**Interest**
2026	$ 650,000	$ 678,300	$ 2,902,896	$ -
2027	700,000	654,360	-	-
2028	750,000	622,440	-	-
2029	780,000	588,240	-	-
2030	800,000	552,672	-	-
2031-2035	4,880,000	2,161,896	-	-
2036-2040	6,440,000	913,368	-	-
Total	$ 15,000,000	$ 6,171,276	2,902,896	-
Current portion	(650,000)	(678,300)	(2,902,896)	-
Payable after one year	$ 14,350,000	$ 5,492,976	$ -	$ -

	Governmental Activities	
For the years ending September 30,	Total	
	Principal	Interest
2026	$ 3,552,896	$ 678,300
2027	700,000	654,360
2028	750,000	622,440
2029	780,000	588,240
2030	800,000	552,672
2031-2035	4,880,000	2,161,896
2036-2040	6,440,000	913,368
Total	$ 17,902,896	$ 6,171,276
Current portion	(3,552,896)	(678,300)
Payable after one year	$ 14,350,000	$ 5,492,976

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

The following is a summary of business-type activities notes payable for the year ended September 30, 2025:

	Business-type Activities			
	State Revolving Fund Loan DW0308010		State Revolving Fund Loan WW030501	
For the years ending September 30,	Principal	Interest	Principal	Interest
2026	171,710	17,742	103,505	681
2027	176,273	13,179	103,556	630
2028	180,957	8,495	103,607	579
2029	181,465	3,686	103,658	528
2030			103,709	477
2031-2035	-	-	519,316	1,617
2036-2040	-	-	364,288	364
Total	710,405	43,102	1,401,639	4,876
Current portion	(171,710)	(17,742)	(103,505)	(681)
Payable after one year	$ 538,695	$ 25,360	$ 1,298,134	$ 4,195

	Business-type Activities			
	State Revolving Fund Loan WW030520		State Revolving Fund Loan CW030532	
For the years ending September 30,	Principal	Interest	Principal	Interest
2026	124,794	1,914	40,403	22,410
2027	124,925	1,783	116,818	8,808
2028	125,056	1,652	117,496	8,130
2029	125,187	1,521	118,179	7,447
2030	125,319	1,389	118,865	6,761
2031-2035	628,570	4,970	604,764	23,366
2036-2040	614,932	1,662	471,675	5,926
Total	1,868,783	14,891	1,588,200	82,848
Current portion	(124,794)	(1,914)	(40,403)	(22,410)
Payable after one year	$ 1,743,989	$ 12,977	$ 1,547,797	$ 60,438

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

	Business-type Activities			
	State Revolving Fund Loan DW030513		Total	
For the years ending September 30,	Principal	Interest	Principal	Interest
2026	55,018	16,717	495,430	59,464
2027	135,220	8,252	656,792	32,652
2028	135,857	7,615	662,973	26,471
2029	136,496	6,976	664,985	20,158
2030	137,138	6,334	485,031	14,961
2031-2035	695,431	21,929	2,448,081	51,882
2036-2040	549,301	5,670	2,000,196	13,622
Total	1,844,461	73,493	7,413,488	219,210
Current portion	(55,018)	(16,717)	(495,430)	(59,464)
Payable after one year	$ 1,789,443	$ 56,776	$ 6,918,058	$ 159,746

Leases-Lessee

The City has entered into a lease agreement to obtain the right-to-use copiers. The total annual rental for the copiers that the City paid for the fiscal year ended September 30, 2025 was $10,176. The leases have a 5 year term. Monthly payment amounts are $848.

The City has entered into a lease agreement to obtain the right-to-use a postage machine. The total annual rental for the copiers that the City paid for the fiscal year ended September 30, 2025 was $1,720. The lease has a 5 year term. Monthly payment amounts are $143.

The City has entered into a lease agreement to obtain the right-to-use body cameras. The total annual rental for the body cameras that the City paid for the fiscal year ended September 30, 2025 was $7,472. The lease has a 5 year term and payments are made annually for $7,472.

The following is a schedule of minimum future lease payments from lease agreements as of September 30, 2025:

For the years ending September 30,	Principal	Interest	Total
2026	$ 16,030	$ 3,337	$ 19,367
2027	15,984	2,093	18,077
2028	9,385	791	10,176
2029	4,140	89	4,229
Total	$ 45,539	$ 6,310	$ 51,849

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt and Liabilities (continued)

Subscription-Based Information Technology Arrangements

The City has one software arrangement that requires recognition under GASBC Section S80, *Subscription-Based Information Technology Arrangements* (SBITAs). The City recognizes a subscription liability and an intangible right-to-use subscription asset for a video storage service in Public Safety.

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

The following is a schedule of minimum future payments from subscription agreements as of September 30, 2025:

For the years ending September 30,	Principal	Interest	Total
2026	$ 9,046	$ 1,457	$ 10,503
2027	9,748	755	10,503
Total	$ 18,794	$ 2,212	$ 21,006

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows for governemental activities:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable from direct borrowings	$ 2,902,896	$ 15,000,000	$ -	$ 17,902,896	$3,552,896
Net pension liability	7,371,692	-	(1,289,221)	6,082,471	-
Other postemployment benefits liability	1,827,883	353,234	-	2,181,117	102,818
Lease liabilities	38,021	-	(9,609)	28,412	10,396
Subscription liabilities	27,190	-	(8,396)	18,794	9,046
Compensated absences	109,063	158,690	(109,063)	158,690	31,738
Total governmental activities	$12,276,745	$ 15,511,924	$ (1,416,289)	$ 26,372,380	$3,706,894

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-term Liabilities (continued)

Long-term liability activity for the year ended September 30, 2025, was as follows for business-type activities:

Business-type activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable from direct borrowings	$ 5,400,916	$ 2,406,824	$ (394,252)	$ 7,413,488	$ 495,431
Financed purchase liability	628,966	-	(628,966)	-	-
Net pension liability	323,185	-	(56,522)	266,663	-
Other postemployment benefits liability	298,134	57,504	-	355,638	16,738
Lease liabilities	22,392	-	(5,265)	17,127	5,634
Compensated absences	6,365	8,483	(6,365)	8,483	1,273
Total business-type activities	$ 6,679,958	$ 2,472,811	$ (1,091,370)	$ 8,061,399	$ 519,076

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

Pledged Revenues

The City has revenue notes outstanding at September 30, 2025, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Business-type Activities					
State Revolving Fund Loan DW0308010					
Maturity: 2027					
Interest rate: 2.64%	$ 2,796,462	$ 753,507	$ 396,589	$ 189,452	47.8%

Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the water utility system.

Pledged revenue: Gross revenues from the operation of the water system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.

(Continued)

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Pledged Revenues(Continued)

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
State Revolving Fund Loan WW030501 Maturity: 2038 Interest rate: 0.0 to 0.2%	$ 5,604,730	$ 1,406,515	$ 2,559,564	$ 104,186	4.1%

Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.
Pledged revenue: Gross revenues from the operation of the sewer system after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
State Revolving Fund Loan WW030520 Maturity: 2040 Interest rate: 0.105%	$ 6,404,835	$ 1,883,674	$ 2,162,975	$ 126,917	5.9%

Purpose: To finance the cost of acquisition and construction of certain capital improvements in connection with the sewer system.
Pledged revenue: Gross revenues from the operation of the water and sewer systems after payment of the operation and maintenance expense and satisfaction of yearly payment obligations on any senior obligations.

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
State Revolving Fund Loan DW30513 Maturity: 2031 Interest rate: 0.47%	$ 2,574,252	$ 1,917,954	$ 2,713,032	$ -	0.0%

Purpose: To finance the cost of furnishing all labor, materials, and equipment to construct the water distribution replacement project in accordance with the plans and specifications accepted by the Department for the "Springfield SRF Water and Sewer Rehabilitation" contract.
Pledged revenue: Gross revenues, together with impact fees, derived yearly from the operation of the utility system (water and sewer systems per agreement) after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior or parity obligations.

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
State Revolving Fund Loan CW030532 Maturity: 2029 Interest rate: 0.105%	$ 2,142,570	$ 1,671,048	$ 2,162,975	$ -	0.0%

Purpose: To finance the cost of furnishing all labor, materials, and equipment to construct the inflow and infiltration correction in accordance with the plans and specifications accepted by the Department for the "Sewer and Water Improvements" contract.
Pledged revenue: Gross revenues derived yearly from the operation of the utility system (sewer system per agreement) after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior or parity obligations.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances and activity for the year ended September 30, 2025 is as follows:

	Transfer from		
	Water Fund	Sewer Fund	Total
Transfer to:			
General Fund	$ 189,452	$ 230,895	$ 420,347
Total	$ 189,452	$ 230,895	$ 420,347

The transfer from the Water Fund, Sewer Fund, and to the General Fund are for operational purposes.

The composition of interfund balances and activity for the year ended September 30, 2025 is as follows:

	Due from					
	General Fund	Community Redevelop-ment Fund	Water Fund	Sewer Fund	Sanitation Fund	Total
Due to:						
General Fund	$ -	$ 7,936	$ -	$ 6,868,618	$ 87,181	$ 6,963,735
Water Fund	2,311,066	-	-	-	279,574	2,590,640
Sewer Fund	-	-	69,313	-	900	70,213
Total	$ 2,311,066	$ 7,936	$ 69,313	$ 6,868,618	$ 367,655	$ 9,624,588

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

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment In Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	$ 28,081,658	$ 37,628,849	$ 65,710,507
Outstanding debt related to capital assets	(15,047,206)	(7,430,615)	(22,477,821)
Net investment in capital assets	$ 13,034,452	$ 30,198,234	$ 43,232,686

Net Position Restrictions

The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2025.

Governmental activities	
Community redevelopment fund	$ 1,078,363
Infrastructure tax	974,505
Law enforcement education	5,038
Total governmental activities	2,057,906
Business-type activities	
Impact fees	$ 1,124,663
Debt service	160,242
Stormwater	474,749
Total business-type activities	1,759,654
Total	$ 3,817,560

Note 3: PENSION PLANS

Description of Plans

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

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

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

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, *Florida Statutes*. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

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

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

Note 3: PENSION PLANS (Continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates for the year ended September 30, 2025 were as follows:

	October 1, 2024 Through June 30, 2025		July 1, 2025 Through September 30, 2025	
	FRS	**HIS**	**FRS**	**HIS**
Regular class	11.63%	2.00%	12.03%	2.00%
Special risk	30.79%	2.00%	33.19%	2.00%
Elected officials	56.68%	2.00%	52.57%	2.00%
DROP participants	19.13%	2.00%	20.02%	2.00%

The City's contributions for the year ended September 30, 2025, were $977,959 to FRS and $101,026 to HIS.

Pension Liabilities and Pension Expenses

In its financial statements for the year ended September 30, 2025, the City reported a liability for its proportionate shares of the net pension liabilities of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2025. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	**HIS**
Net pension liability	$ 4,926,126	$ 1,423,008
Proportion at:		
Current measurement date	0.015872741%	0.011102118%
Prior measurement date	0.015627853%	0.010994544%
Pension expense (benefit)	$ 625,064	$ 63,993

Note 3: PENSION PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 526,162	$ -
Changes of assumptions	572,051	-
Net difference between projected and actual earnings on pension plan investments	-	822,466
Changes in proportion and differences between employer contributions and proportionate share of contributions	356,119	31,099
Employer contributions subsequent to the measurement date	236,902	-
Total	$ 1,691,234	$ 853,565

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,494	$ 2,257
Changes of assumptions	12,595	344,189
Net difference between projected and actual earnings on pension plan investments	-	1,184
Changes in proportion and differences between employer contributions and proportionate share of contributions	121,375	54,838
Employer contributions subsequent to the measurement date	23,005	-
Total	$ 165,469	$ 402,468

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2025.

Note 3: PENSION PLANS (Continued)

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

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

Measurement period ending June 30,	FRS	HIS
2026	$ 935,823	$ (42,889)
2027	(14,834)	(56,810)
2028	(166,906)	(59,349)
2029	(153,316)	(62,668)
2030	-	(38,288)
Thereafter	-	-
Total	$ 600,767	$ (260,004)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2025. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2025. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2024. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.93%

Mortality assumptions for both plans were based on the PUB-2010 base table, which varies by member category and sex, projected generationally with Scale MP-2021.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023. The economic and demographic assumptions used in the FRS valuation as of July 1, 2025 were unchanged from the July 1, 2024 valuation.

The following change in key actuarial assumptions occurred in 2025:

> HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%.

The long-term expected investment rate of return assumption for the FRS Pension Plan was based on two building block components: 1) a long-term average annual inflation assumption of 2.40% and 2) an inferred real (in excess of inflation) return of 4.20%. Geometrically combining those building blocks using the formula (1 + .024) x (1 + .042) - 1 generates an expected nominal return of 6.70%. In the opinion of

Note 3: PENSION PLANS (Continued)

Actuarial Assumptions (continued)

the FRS consulting actuary, both building block components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2024 FRS Actuarial Assumption Conference for funding policy purposes. Each asset class assumption is based on a consistent set of underlying assumptions.

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying real return assumptions from the FRS consulting actuary's model combined with the FRS Actuarial Assumption Conference's 2.4% inflation assumption The FRS consulting actuary's assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis and the depletion date is considered to be immediate, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

Note 3: PENSION PLANS (Continued)

Sensitivity Analysis (Continued)

	FRS		
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	$ 9,667,446	$ 4,926,126	$ 951,072

	HIS		
	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
City's proportionate share of the net pension liability	$ 1,604,670	$ 1,423,008	$ 1,270,651

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2025, totaled $258,338.

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

Plan Description

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

Funding Policy

The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually during the budget process. The City does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined

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

Funding Policy (continued)

provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. City contributions are assumed to be equal to benefits paid.

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

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

Eligibility

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

Actuarial Assumptions and Other Inputs

At the September 30, 2024 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.50 %
Salary increases	2.50 % including inflation
Discount rate	4.06 %
Health care cost trend rates (ultimate trend rate)	4.00 %
Retirees’ share of benefit-related costs	100.0 % of projected health insurance premiums

The discount rate was selected based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. Eligible bonds must be rated as least AA by S&P, Aa2 by Moody’s or AA by Fitch. The high quality bond index at September 30, 2024 was 4.06%.

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

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

At September 30, 2025, the City reported a total OPEB liability of $2,536,755. The information has been provided as of the September 30, 2024 measurement date.

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

Actuarial Assumptions and Other Inputs (continued)

September 30, 2025		
Service cost	$	222,562
Interest		111,499
Differences between expected and actual experience		-
Changes in assumptions		196,231
Changes in benefit terms		-
Contributions - employer		-
Benefits (payments) refunds		(119,554)
Net Change in OPEB liability		410,738
Total OPEB liability, beginning of year		2,126,017
Total OPEB liability, end of year	$	2,536,755

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

Fiscal Year Ending September 30, 2025: 4.06%
Fiscal Year Ending September 30, 2024: 4.87%
Fiscal Year Ending September 30, 2023: 4.77%

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

Sensitivity of the Net OPEB Liability

The following table represents the City's total and net OPEB liability calculated using the discount rate of 4.06%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage point higher (5.06%) than the current rate:

	1 % Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Net OPEB Liability	$ 2,813,942	$ 2,536,755	$ 2,297,772

The following table represents the City's total and net OPEB liability calculated using the health care cost trend rate of 4.00-7.00%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.00%-6.00%) or one percentage point higher (5.00%-8.00%) than the current rate:

	1 % Decrease 3.0%-6.0%	Current Trend Rate 4.0%-7.0%	1 % Increase 5.0%-8.0%
Net OPEB Liability	$ 2,247,155	$ 2,536,755	$ 2,887,696

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

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

For the year ended September 30, 2025, the City, recognized OPEB expense (revenue) of $(343,066). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	3,384,800
Changes of assumptions		1,958,454		1,825,420
Employer contributions subsequent to the measurement date		129,885		-
Total	$	2,088,339	$	5,210,220

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

Measurement period ending September 30,		
2026	$	(551,044)
2027		(551,044)
2028		(551,044)
2029		(551,044)
2030		(551,044)
Thereafter		(496,546)
Total	$	(3,251,766)

Note 5: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to eFmployees; and natural disasters.

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

The commercial insurance carried is a claims incurred policy for which the City is covered for claims originating against the City during the policy period. The amount of coverage is dependent on the date of the liability-imposing event. The City has maintained continuous coverage and does not believe it has any exposure to events which occurred prior to the year ended September 30, 2025.

Note 6: COMMITMENTS AND CONTINGENCIES

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

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

Note 7: CONCENTRATIONS

The City purchases all of its residents' sanitation services from Waste Pro under an agreement dated October 1, 2024. The agreement was for a four year period from October 1, 2024 through September 30, 2028 with two automatic renewals of four years each unless notice is provided 90 days prior to expiration of the terms. During the year, the City paid these vendors $1,362,717 under this contract for sanitation services provided to customers.

Note 8: INVESTMENT IN JOINT VENTURE

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

The results of operations and cash flows are accounted for in total, within the financial statements of the joint venture. The City's interest in equity is reported within the City's sewer fund. As of September 30, 2025, the City's investment in the joint venture was $4,437,367. Complete financial statements for MPAWTF may be obtained from the operator at P.O. Box 2269, Panama City, Florida 32402.

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

Condensed financial statements of MPAWTF are as follows:

Statement of Net Position

September 30, 2025		
Assets		
Current assets	$	11,186,260
Noncurrent assets		20,861,789
Total assets		32,048,049
Deferred outflows		
Deferred loss on bond refunding		82,142
Liabilities		
Current liabilities		5,390,315
Noncurrent liabilities		739,613
Total liabilities		6,129,928
Net position	$	26,000,263

Statement of Activities

Year ended September 30, 2025		
Operating revenues	$	6,825,780
Operating expenses		(6,622,187)
Operating income		203,593
Nonoperating revenues (expenses), net		100,657
Net income before distributions to owners		304,250
Distributions to owners		(180,981)
Change in net position		123,269
Net position, beginning		25,876,994
Net position, ending	$	26,000,263

For the year ended September 30, 2025, the City had income from joint venture in the amount of $63,422. As of September 30, 2025, the joint venture owes the City $1,020,571.

Note 8: INVESTMENT IN JOINT VENTURE (Continued)

The City’s income from joint venture for the year ended September 30, 2025 is as follows:

City's share of operating income	$	(32,332)
Increase in reserve requirements		95,754
Income from joint venture	$	63,422

Required Supplementary Information

City of Springfield, Florida
Budgetary Comparison Schedule – General Fund

For the year ended September 30, 2025	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
Ad valorem taxes	$ 1,878,888	$ 186,950	$ 1,643,684	$ 1,456,734
Utility taxes	754,800	477,759	770,519	292,760
Local option gas tax	323,252	221,870	221,870	-
Communications services tax	152,711	127,679	127,679	-
Half-cent sales tax	2,227,279	2,083,774	2,249,840	166,066
Local business tax	14,000	34,339	34,339	-
Intergovernmental	660,300	681,662	699,681	18,019
Licenses and permits	783,050	829,066	843,070	14,004
Franchise fees	581,700	713,067	555,000	(158,067)
Charges for services	28,250	-	43,851	43,851
Fines and forfeitures	14,750	27,187	103,642	76,455
Rents	24,000	24,000	24,000	-
Interest	-	-	173,665	173,665
Grants	3,566,611	5,614,846	9,866,956	4,252,110
Contributions and donations	19,000	11,333	10,012	(1,321)
Other fees and miscellaneous	237,250	5,009,225	573,910	(4,435,315)
Total revenues	11,265,841	16,042,757	17,941,718	1,898,961
Expenditures				
Current				
General government				
Legislative Commission	3,855,298	3,796,395	121,911	3,674,484
Administration	1,528,708	3,128,843	1,451,495	1,677,348
Total general government	5,384,006	6,925,238	1,573,406	5,351,832
Public safety				
Police	3,371,918	3,185,955	3,283,387	(97,432)
Fire	1,981,571	2,289,257	2,369,544	(80,287)
Protective services	301,049	230,098	218,715	11,383
Total public safety	5,654,538	5,705,310	5,871,646	(166,336)
Highways and streets	803,344	787,589	811,597	(24,008)
Maintenance	227,988	217,424	206,968	10,456
Culture and recreation	401,816	604,776	440,788	163,988

(Continued)

The accompanying notes to required supplementary information are an integral part of this schedule.

	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget
Capital outlay				
General government	$ -	$ 5,125	$ 4,878,861	$ (4,873,736)
Public safety	273,090	1,038,793	7,029,769	(5,990,976)
Highways and streets	179,900	163,943	1,019,539	(855,596)
Maintenance	10,600	-	862,174	(862,174)
Culture and recreation	-	-	1,007,518	(1,007,518)
Total capital outlay	463,590	1,207,861	14,797,861	(13,590,000)
Debt service				
General government	594,559	594,559	410,363	184,196
Total expenditures	13,529,841	16,042,757	24,089,470	(8,046,713)
Excess (deficit) of revenues over (under) expenditures	(2,264,000)	-	(6,147,752)	(6,147,752)
Other financing sources (uses)				
Debt proceeds	-	-	15,000,000	15,000,000
Transfers from (to) other funds	2,264,000	-	(420,347)	(420,347)
Total other financing sources (uses)	2,264,000	-	14,579,653	14,579,653
Net change in fund balance	$ -	$ -	$ 8,431,901	$ 8,431,901

The accompanying notes to required supplementary information are an integral part of this schedule.

Budgetary Comparison Schedule – Community Redevelopment Agency

	Budgeted Amounts		Actual	Variance with
For the year ended September 30, 2025	Original	Final	Amount	Final Budget
Revenues				
Tax increment funds	$ 272,012	$ 506,805	$ 506,805	$ -
Total revenues	272,012	506,805	506,805	$ -
Expenditures				
Current				
Economic environment	-	-	60,017	$ 60,017
Capital outlay	603,914	1,130,434		$(1,130,434)
Total expenditures	603,914	1,130,434	60,017	(1,070,417)
Excess of revenues over expenditures	(331,902)	(623,629)	446,788	$ 1,070,417
Net change in fund balance	(331,902)	(623,629)	446,788	$ 1,070,417
Fund balance, beginning of year	331,902	623,629	631,575	7,946
Fund balance, end of year	$ -	$ -	$ 1,078,363	$ 1,078,363

The accompanying notes to required supplementary information are an integral part of this schedule.

Note 1: BUDGETARY INFORMATION

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

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

September 30,	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 222,562	$ 169,860	$ 246,461	$ 1,731,777	$ 1,208,076	$ 747,610	$ 802,527	$ 869,500
Interest	111,499	136,128	86,992	307,245	345,791	367,492	315,536	263,643
Changes in benefit terms			-	(5,118,731)	-	-	-	-
Differences between expected and actual experience	196,231	(273,987)	-	(4,640,325)	-	(762,835)	-	-
Changes in assumptions	-	(510,503)	(831,807)	(1,391,253)	2,828,494	263,784	(739,975)	(837,979)
Benefits (payments) refunds	(119,554)	(157,085)	(146,127)	(215,010)	(200,009)	(217,958)	(182,880)	(168,166)
Total Change in OPEB liability	410,738	(635,587)	(644,481)	(9,326,297)	4,182,352	398,093	195,208	126,998
Total OPEB liability, beginning of year	2,126,017	2,761,604	3,406,085	12,732,382	8,550,030	8,151,937	7,956,729	7,829,731
Total OPEB liability, end of year (a)	$ 2,536,755	$ 2,126,017	$ 2,761,604	$ 3,406,085	$ 12,732,382	$ 8,550,030	$ 8,151,937	$ 7,956,729
Plan fiduciary net position								
Contributions - employer	$ 119,554	$ 157,085	$ 146,127	$ 215,010	$ 200,009	$ 217,958	$ 182,880	$ 168,166
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefits payments/refunds	(119,554)	(157,085)	(146,127)	(215,010)	(200,009)	(217,958)	(182,880)	(168,166)
Administrative expenses	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB liability - ending (a)-(b)	$ 2,536,755	$ 2,126,017	$ 2,761,604	$ 3,406,085	$ 12,732,382	$ 8,550,030	$ 8,151,937	$ 7,956,729
Plan fiduciary net position as a percentage of OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered-employee payroll	$ 4,162,377	$ 4,060,856	$ 3,710,652	$ 3,620,148	$ 3,425,598	$ 3,342,047	$ 2,938,588	$ 2,866,915
Net OPEB liability as a percentage of covered- employee payroll	61%	52%	74%	94%	372%	256%	277%	278%

Notes to required supplementary information, OPEB:

(1) There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

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

Florida Retirement System	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
City's proportion of the net pension liability (asset)	0.0158727%	0.0156279%	0.0154363%	0.0143692%	0.0127012%	0.0135115%	0.0141084%	0.0131160%	0.0118032%	0.0109979%
City's proportionate share of the net pension liability (asset)	$ 4,926,126	$ 6,045,588	$ 6,150,896	$ 5,346,502	$ 959,433	$ 5,856,063	$ 4,858,720	$ 3,950,601	$ 3,492,491	$ 2,776,988
City's covered payroll (2)	$ 5,068,493	$ 4,678,019	$ 4,570,019	$ 3,935,519	$ 3,324,419	$ 3,184,526	$ 3,166,880	$ 2,958,706	$ 2,644,578	$ 2,468,455
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	97.19%	129.23%	134.59%	135.85%	28.86%	183.89%	153.42%	133.52%	132.06%	112.50%
Plan fiduciary net position as a of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Health Insurance Subsidy Program	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
City's proportion of the net pension liability (asset)	0.0111021%	0.0109945%	0.0114060%	0.0107862%	0.0093904%	0.0090128%	0.0094691%	0.0090550%	0.0082968%	0.0079961%
City's proportionate share of the net pension liability (asset)	$ 1,423,008	$ 1,649,289	$ 1,811,419	$ 1,142,431	$ 1,151,879	$ 1,100,454	$ 1,059,498	$ 958,387	$ 887,129	$ 931,913
City's covered payroll (2)	$ 5,068,493	$ 4,678,019	$ 4,570,019	$ 3,935,519	$ 3,324,419	$ 3,184,526	$ 3,166,880	$ 2,958,706	$ 2,644,578	$ 2,468,455
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.99%	35.26%	39.64%	29.03%	34.65%	34.56%	33.46%	32.39%	33.55%	37.75%
Plan fiduciary net position as a of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Notes to required supplementary information, Florida Retirement System (FRS) & Health Insurance Subsidy Program (HIS)

The following actuarial assumptions were used in the year ended:

September 30, 2025 - FRS

(1) The long-term expected rate of return used was 6.70%
(2) The inflation rate used was 2.40%

September 30,2024 - HIS

(1) The inflation rate used was 2.40%
(2) The mortality table used was Generational PUB-2010 with Projection Schedule MP-2021.
(3) The municipal rate used to determine pension liability was 5.20%.

Florida Retirement System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	$ 977,959	$ 903,968	$ 745,643	$ 659,732	$ 498,513	$ 446,050	$ 455,038	$ 392,854	$ 319,764	$ 284,439
Contributions in relation to the actuarially required contribution	(977,959)	(903,968)	(745,643)	(659,732)	(498,513)	(446,050)	(455,038)	(392,854)	(319,764)	(284,439)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll (1)	$ 5,084,503	$ 4,839,930	$ 4,465,318	$ 4,183,482	$ 3,341,151	$ 3,176,383	$ 3,229,751	$ 3,028,629	$ 2,700,307	$ 2,604,097
Contributions as a percentage of covered payroll	19.23%	18.68%	16.70%	15.77%	14.92%	14.04%	14.09%	12.97%	11.84%	10.92%

Health Insurance Subsidy Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	$ 101,026	$ 94,306	$ 76,668	$ 69,054	$ 55,658	$ 51,619	$ 53,624	$ 50,287	$ 44,814	$ 43,237
Contributions in relation to the actuarially required contribution	(101,026)	(94,306)	(76,668)	(69,054)	(55,658)	(51,619)	(53,624)	(50,287)	(44,814)	(43,237)
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll (1)	$ 5,084,503	$ 4,839,930	$ 4,465,318	$ 4,183,482	$ 3,341,151	$ 3,176,383	$ 3,229,751	$ 3,028,629	$ 2,700,307	$ 2,604,097
Contributions as a percentage of covered payroll	1.99%	1.95%	1.72%	1.65%	1.67%	1.63%	1.66%	1.66%	1.66%	1.66%

Compliance Section

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

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRIadv.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Springfield, Florida (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon June 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 through 2025-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-007 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-008.

City's Response to Findings

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

Purpose of This Report

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

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 30, 2026

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

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRIadv.com

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Springfield, Florida's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 30, 2026

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Department of Housing and Urban Development				
Passed through Florida Department of Economic Opportunity				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grants--M0025	$ 120,120	$ -
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant--M0056	175,947	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant --M0097	3,714	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant --M0098	3,932	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grant --M0127	3,736	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Community Block Grants--22CV-S40	535,627	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			843,076	-
Total Department of Housing and Urban Development			843,076	-
United States Environmental Protection Agency				
Passed through Florida Department of Environmental Protection				
Clean Water State Revolving Fund				
Clean Water State Revolving Fund	66.458	Clean Water State Revolving Fund Construction Loan Agreement--WW030532	8,277,825	-
Total Clean Water State Revolving Fund			8,277,825	-

(Continued)

Federal Agency Pass-through Grantor Program Title	ALN Number	Contract/ Grant Number	Expenditures	Payments to Subrecipients
Passed through Florida Department of Environmental Protection (continued)				
Drinking Water State Revolving Fund				
Drinking Water State Revolving Fund	66.468	Drinking Water State Revolving Fund Construction loan Agreement--DW030513	3,586,298	-
Total Drinking Water State Revolving Fund			3,586,298	-
Total United States Environmental Protection Agency			11,864,123	-
Department of Homeland Security				
Passed through Florida Division of Emergency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4399 Federal Disaster--Z0855	9,431,443	-
Hazard Mitigation Grant				
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0685	11,795	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0700	11,143	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0701	11,721	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0723	19,479	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0726	11,208	
Hazard Mitigation Grant	97.039	Hazard Mitigation Grant Program--H0728	5,964	
Hazard Mitigation Grant			71,310	-
Total Department of Homeland Security			9,502,753	-
Total Expenditures of Federal Awards			$ 22,209,952	$ -

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying schedule of federal awards (schedule) is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and the State of Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent a complete presentation of the federal awards and state project activities of the City for the year ended September 30, 2025.

Note 2: INDIRECT COST RATE

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

Note 3: LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

The City had no federal loan or loan guarantees. For assistance listing numbers 66.458 and 66.468 amounts are awarded by the Environmental Protection Agency to the states as grants which are then provided to subrecipients in the form of loans. For the schedule, subrecipients report project costs incurred under the loans during the project period in accordance with 2 CFR 200.502 (a) of which the City had $11,864,123 for the year ended September 30, 2025. These amounts are considered subawards rather than direct federal loans, therefore, the provisions of 2 CFR 200.502 (b) and (d) do not apply.

Note 4: OTHER TYPES OF FINANCIAL ASSISTANCE

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

Section I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting	
a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	Yes

Federal Awards

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

4. Identification of major programs

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

5. Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000
6. Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2025-001 Audit Adjusting Entries (prior years 2024-001 and 2023-001) (initially reported in 2007)

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

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

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

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

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

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

2025-002 Schedule of Expenditures of Federal Awards Preparation (prior years 2024-002 and 2023-002) (initially reported in 2007)

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

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

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

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

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

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

2025-003 Bank Reconciliations (prior years 2024-003 and 2023-003) (initially reported in 2007)

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

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

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

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

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

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

2025-004 Account Balances with Subsidiary Ledgers (prior years 2024-004 and 2023-004) (initially reported in 2015)

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

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

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

Cause: The City has not established procedures to routinely reconcile subsidiary ledgers to the general ledger and investigate differences timely. Additionally, finance personnel require additional training regarding how the accounting software posts transactions and generates subsidiary ledger reports.

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

Views of Responsible Officials and Planned Corrective Action: The City has established procedures to include printing of the referenced reports, preparing monthly reconciliations with reconciling items investigated and adjusted promptly as needed, and documenting evidence of the preparer's and reviewer's initials on those reviews related to accounts payable and bank reconciliations but still need to implement similar procedures related to accounts receivable, customer deposits, and certain other balances like payroll liabilities. The City has also assigned an appropriate level of management to provide and document oversight for procedures already put in place. The City is still working on the accuracy of certain reconciliations.

<u>2025-005 Month-end Closing (prior years 2024-005 and 2023-005) (initially reported in 2010)</u>

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

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

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

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

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

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

2025-006 Activity Classification Review (prior years 2024-006) (initially reported in 2024)

Condition: During the audit of financial transactions for fiscal year 2025, we noted numerous instances where revenues and expenditures were misclassified. These included transactions posted to inappropriate general ledger accounts based on their nature and netting of revenues and expenditures within single transactions or journal entries, thereby reducing the visibility and transparency of financial activity. These errors occurred across multiple funds/departments and were not always corrected through subsequent adjusting entries by the City. The City also inappropriately recorded the City's law enforcement holding activity resulting in inappropriate balances being reported.

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

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

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

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

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

2025-007 Segregation of Duties (prior years 2024-007 and 2023-006) (initially reported in 2009)

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

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

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

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

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

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

<u>2025-008 Actual Expenditures exceeded budgeted expenditures in the General Fund (initially reported in 2025)</u>

Criteria: Section 166.241(3), Florida Statutes, provides that municipal expenditures shall not exceed legally adopted appropriations.

Condition: During our audit, we noted that actual expenditures in the General Fund exceeded the final adopted budget by approximately $8,069,872. The City's adopted budget amendments did not authorize the additional expenditures.

Cause: The City did not amend the budget to recognize the debt proceeds and the related capital outlay expenditures, resulting in expenditures exceeding the legally adopted budget.
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Effect: The City was not in compliance with Section 166.241(3), Florida Statutes, because expenditures exceeded legally authorized appropriations.

Recommendation: We recommend the City consider debt proceeds and other similar funding sources and expenditures during their review of budget variances and continue to make amendments to the budget as needed and timely adjustment being made at year-end in accordance with State law.

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

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs reported for the year ended September 30, 2025.

City of Springfield, Florida
Summary Schedule of Prior Year Audit Findings
Year Ended September 30, 2025

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

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2024-001/ 2025-001	Financial Statement/ Audit Adjusting Entries	Significant adjustments to the financial records were required in order to correct the financial statements.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2024-002/ 2025-002	Financial Statement/ Financial Statement and Schedule of Expenditures of Federal Awards Preparation	Inadequate design of internal control over the preparation of financial statements and the schedule of expenditures of federal awards being audited gives rise to a material weakness in internal control.	Not Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources.
2024-003/ 2025-003	Financial Statement/ Bank Reconciliations	The pooled cash general ledger bank account balance did not agree with related monthly and year-end reconciliations.	Not Corrected	The City continues to work on improving their cash reconciliation procedures.
2024-004/ 2025-004	Financial Statement/ Account Balances	Accounts receivable, customer deposits, and accounts payable accounts were not accurately reconciled to the subsidiary ledgers at year-end or on a regular basis throughout the year. Unreconciled differences continue to be noted in comparison of accounts receivable, customer deposits and accounts payable accounts as balances were not regularly reconciled.	Not Corrected	The City continues to work on improving their policies and procedures related to review and adjustment of these accounts as needed.

Prior Year/ Current Year Finding No.	Program/Area	Brief Description	Status	Comments
2024-005/ 2025-005	Financial Statement/ Month-end Closing	The City has started to setup a month-end closing process to review balances and provide monthly financial statements to governance and management but has not been able to effectively implement those processes and procedures.	Not Corrected	The City continues to work on implementing a documented effective close out process.
2024-006/ 2025-006	Financial Statement/ Activity Classification	The City continues to have multiple instances of revenues and expenses being misclassified. Revenues and expenses should be recorded in separate appropriate accounts and not be netted together.	Not Corrected	The City continues to work on improving their policies and procedures related to appropriate classification and recording of revenue and expense activity.
2024-007/ 2025-007	Financial Statement/ Segregation of Duties	Due to the limited number of staff, the City does not have proper segregation of duties in many areas including user access within the accounting system. Daily activities should be structured in a way that one person isn't assigned the responsibility for more than one of the following responsibilities: the approval of transactions, the custody of assets, or the recording of transactions. At the City, even when daily activities are properly segregated, most staff is crossed trained as backups in incompatible duties.	Partially Corrected	While the City strives to improve this condition, it is not expected to be corrected within the near future due to a lack of resources although they believe they have done as much as possible with the resources available at this time.

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

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Springfield, Florida (City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 30, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted in the table below.

Prior Year Findings and Recommendations

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2023-24 FY Finding #	2022-23 FY Finding #
2025-001	2024-001	2023-001
2025-002	2024-002	2023-002
2025-003	2024-003	2023-003
2025-004	2024-004	2023-004
2025-005	2024-005	2023-005
2025-006	2024-006	N/A
2025-007	2024-007	2023-006

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Property Assessed Clean Energy (PACE) Programs

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

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

Additional Matters

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

Purpose of This Letter

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

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 30, 2026

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

Carr, Riggs & Ingram, L.L.C.
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

850.784.6733
850.784.4866 (fax)
CRIadv.com

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

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

We have examined the City of Springfield, Florida's (City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* during the year ended September 30, 2025. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2025.

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

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

CARR, RIGGS & INGRAM, LLC
Panama City Beach, Florida
June 30, 2026

CITY OF SPRINGFIELD

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

COMMISSIONERS:
Jack Griffis
Richard Chval
Jackie Kennington
Cindy Hamre

Corrective Action Plan
September 30, 2025

2025-001 Audit Adjusting Entries

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

2025-002 Schedule of Expenditures of Federal Awards Preparation

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

2025-003 Bank Reconciliations

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

CITY OF SPRINGFIELD

Ralph Hammond, Mayor

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

COMMISSIONERS:
Jack Griffis
Richard Chval
Jackie Kennington
Cindy Hamre

2025-004 Account Balances with Subsidiary Ledgers

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

2025-005 Month-end Closing

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

2025-006 Activity Classification Review

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

CITY OF SPRINGFIELD

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Ralph Hammond, Mayor Springfield, Florida 32401
(850) 872-7570 * (850) 872-7663 fax

COMMISSIONERS:
Jack Griffis
Richard Chval
Jackie Kennington
Cindy Hamre

2025-007 Segregation of Duties

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

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Beth Strobel

2025-008 Actual Expenditures exceeded budgeted expenditures in the General Fund

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

Anticipated Completion Date: November 30, 2026

Responsible Contact Person: Beth Strobel