CITY OF SPRINGFIELD, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

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LANIER, DEAL & DEAL

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Springfield, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Springfield, Georgia, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Springfield, Georgia'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, the aggregate discretely presented component unit, and each major fund of the City of Springfield, Georgia, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and American Rescue Plan Act Fund 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 of Springfield, Georgia, 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 of Springfield, Georgia'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 of Springfield, Georgia'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 of Springfield, Georgia'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 Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on page 40 and 41 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield, Georgia's basic financial statements. The schedule of projects paid with SPLOST proceeds and schedule of projects paid with TSPLOST proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of projects paid with SPLOST proceeds and schedule of projects paid with TSPLOST proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of water and system information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026 on our consideration of the City of Springfield, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Springfield, Georgia'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 of Springfield, Georgia's internal control over financial reporting and compliance.

Lanier, Deal & Deal

Statesboro, Georgia
June 25, 2026

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 7,451,198	$ 6,768,337	$ 14,219,535	$ 117,656
Restricted cash and cash equivalents	114,978	194,182	309,160	-
Certificates of deposit	-	129,073	129,073	-
Receivables:				
Accounts	-	216,584	216,584	344
Interest receivable	-	53,994	53,994	-
Taxes	456,214	-	456,214	-
Intergovernmental	548,135	-	548,135	-
Internal balances	(109,920)	109,920	-	-
Lease	-	-	-	1,970
Other	34,904	-	34,904	-
Prepaid items	78,418	12,033	90,451	-
Noncurrent Assets:				
Restricted cash and cash equivalents	-	43,560,846	43,560,846	-
Capital assets:				
Nondepreciable capital assets	2,560,590	9,708,172	12,268,762	99,357
Depreciable capital assets, net	7,078,561	12,265,580	19,344,141	85,604
Total Assets	18,213,078	73,018,721	91,231,799	304,931
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pensions	141,017	56,403	197,420	-
LIABILITIES				
Current Liabilities:				
Accounts payable	99,892	498,595	598,487	-
Claims payable	17,247	-	17,247	-
Accrued liabilities	68,043	7,561	75,604	-
Accrued interest payable	-	164,094	164,094	-
Unearned revenue	63,924	172,735	236,659	-
Compensated absences payable	35,809	7,847	43,656	-
Customer deposits	-	194,182	194,182	-
Revenue bonds payable	-	534,880	534,880	-
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	23,872	5,232	29,104	-
Revenue bonds payable (net of current portion)	-	51,135,245	51,135,245	-
Net pension liability	575,894	221,345	797,239	-
Total Liabilities	884,681	52,941,716	53,826,397	-
DEFERRED INFLOWS OF RESOURCES				
Resources related to pensions	108,577	45,554	154,131	-
Unamortized premium on refunded bonds	-	21,116	21,116	-
Lease related	-	-	-	1,862
Total Deferred Inflows of Resources	108,577	66,670	175,247	1,862
NET POSITION				
Net investment in capital assets	9,639,151	13,594,053	23,233,204	184,961
Restricted for:				
Capital projects	5,042,307	613	5,042,920	-
Public safety	114,978	-	114,978	-
Debt service	-	269,807	269,807	-
Unrestricted	2,564,401	6,202,265	8,766,666	118,108
Total Net Position	$ 17,360,837	$ 20,066,738	$ 37,427,575	$ 303,069

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Program/Function	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governental Activities	Business-Type Activities	Total	Component Unit
Governmental Activities:								
General government	$ 773,397	$ 87,494	-	-	$ (685,903)		$ (685,903)	-
Judicial - Municipal court	137,988	-	-	-	(137,988)		(137,988)	-
Public safety	1,416,124	226,722	-	-	(1,189,402)		(1,189,402)	-
Public works	675,307	-	$ 68,152	$ 1,556,304	949,149		949,149	-
Community development	127,502	26,121	-	-	(101,381)		(101,381)	-
Culture and recreation	334,273	2,625	-	-	(331,648)		(331,648)	-
Total Govermental Activities	3,464,591	342,962	68,152	1,556,304	(1,497,173)		(1,497,173)	-
Business-Type Activities:								
Water and Sewer	4,405,001	3,282,997	-	1,001,122		$ (120,882)	(120,882)	-
Sanitation	204,987	212,797	-	-		7,810	7,810	-
Arts & Events	420,810	176,211	20,977	-		(223,622)	(223,622)	-
Total Business-Type Activities	5,030,798	3,672,005	20,977	1,001,122		(336,694)	(336,694)	-
Total Primary Government	$ 8,495,389	$ 4,014,967	$ 89,129	$ 2,557,426	(1,497,173)	(336,694)	(1,833,867)	-
Component Unit								
Downtown Development Authority	$ 110,192	$ 13,990	$ 65	$ -				$ (96,137)
General Revenues								
Property taxes levied for:								
General purposes					1,002,500	-	1,002,500	-
Sales taxes					829,162	-	829,162	-
Insurance premium tax					294,481	-	294,481	-
Franchise taxes					295,433	-	295,433	-
Other taxes					183,332	-	183,332	-
Interest earned					4,006	69,631	73,637	249
Insurance recoveries					152,026	-	152,026	1,173
Other					86,912	-	86,912	-
Transfers					(988,490)	988,490	-	-
Total General Revenues and Transfers					1,859,362	1,058,121	2,917,483	1,422
Change in Net Position					362,189	721,427	1,083,616	(94,715)
Net Position, Beginning of Year					16,998,648	19,345,311	36,343,959	397,784
Net Position, End of Year					$ 17,360,837	$ 20,066,738	$ 37,427,575	$ 303,069

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	American Rescue Plan Act Fund	TSPLOST Capital Projects Fund	SPLOST Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,589,176	$ 10	$ 3,153,041	$ 1,609,005	$ 7,351,232
Restricted cash and cash equivalents	114,978	-	-	-	114,978
Receivables:					
Taxes	456,214	-	-	-	456,214
Intergovernmental	270,369	174,760	-	103,006	548,135
Interfund	65,057	-	-	-	65,057
Other	34,904	-	-	-	34,904
Prepaid items	78,418	-	-	-	78,418
TOTAL ASSETS	$ 3,609,116	$ 174,770	3,153,041	$ 1,712,011	$ 8,648,938
LIABILITIES					
Accounts payable	$ 81,921	-	-	$ 17,971	$ 99,892
Accrued liabilities	68,043	-	-	-	68,043
Interfund payable	-	174,770	-	-	174,770
Unearned revenue	63,924	-	-	-	63,924
TOTAL LIABILITIES	213,888	174,770	-	17,971	406,629
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	138,730	-	-	-	138,730
FUND BALANCES					
Nonspendable	78,418	-	-	-	78,418
Restricted	310,204	-	3,153,041	1,694,040	5,157,285
Unassigned	2,867,876	-	-	-	2,867,876
TOTAL FUND BALANCES	3,256,498	-	3,153,041	1,694,040	8,103,579
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,609,116	$ 174,770	3,153,041	$ 1,712,011	$ 8,648,938

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:			
Total Governmental Fund Balances			$ 8,103,579
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
	Cost	$ 12,345,437	
	Less accumulated depreciation	(2,706,286)	9,639,151
The internal service fund is used by management to charge the costs of the health insurance to individual funds. Certain assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			82,512
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:			
	Property taxes		138,730
Deferred outflows and deferred inflows related to pensions is not reported in the governmental funds:			
	Deferred outflows of resources	141,017	
	Deferred inflows of resources	(108,577)	32,440
The City's net pension liability is not reported in the governmental funds but is in the statement of net position.			(575,894)
Compensated absences payable are not due and payable in the current period, and, therefore, are not reported in the funds.			(59,681)
Net Position Of Governmental Activities			$ 17,360,837

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General	American Rescue Plan Act Fund	TSPLOST Capital Projects Fund	SPLOST Capital Projects Fund	Total Governmental Funds
REVENUES					
Taxes	$ 2,614,172	-	-	-	$ 2,614,172
Intergovernmental	264,348	$ 762,557	-	$ 592,400	1,619,305
Licenses and permits	112,171	-	-	-	112,171
Charges for services	134,016	-	-	-	134,016
Fines and forfeitures	96,775	-	-	-	96,775
Interest	2,249	233	$ 3,270	1,649	7,401
Other	86,912	-	-	-	86,912
Total revenues	3,310,643	762,790	3,270	594,049	4,670,752
EXPENDITURES					
Current:					
General government	685,470	-	-	-	685,470
Judicial	120,532	-	-	-	120,532
Public safety	1,099,065	-	-	-	1,099,065
Public works	556,654	-	-	-	556,654
Culture and recreation	82,117	-	-	-	82,117
Community development	308,879	-	-	-	308,879
Capital outlay:					
General government	-	-	-	3,788	3,788
Public safety	-	-	-	92,171	92,171
Public works	-	-	108,188	189,852	298,040
Culture and recreation	-	-	-	104,091	104,091
Total expenditures	2,852,717	-	108,188	389,902	3,350,807
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	457,926	762,790	(104,918)	204,147	1,319,945
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	3,052	-	-	-	3,052
Insurance recoveries	152,026			-	152,026
Transfers out	(130,000)	(764,623)	-	(93,867)	(988,490)
Total other financing sources (uses)	25,078	(764,623)	-	(93,867)	(833,412)
NET CHANGE IN FUND BALANCES	483,004	(1,833)	(104,918)	110,280	486,533
FUND BALANCES, JANUARY 1, 2025	2,773,494	1,833	3,257,959	1,583,760	7,617,046
FUND BALANCES, DECEMBER 31, 2025	$ 3,256,498	$ -	$ 3,153,041	$ 1,694,040	$ 8,103,579

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:			
Net Change In Fund Balances - Total Governmental Funds			$ 486,533
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 expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.			
	Depreciation expense	$ (413,904)	
	Capital outlay	722,195	308,291
Governmental funds do not report the cost of disposed capital assets but the cost is reported on the statement of activities			(32,101)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
	Property taxes:		
	Unavailable revenue @ 12/31/25	138,730	
	Unavailable revenue @ 12/31/24	(147,994)	(9,264)
The internal service fund used by management to charge the costs of health insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.			10,107
The change in the net pension asset/liability and pension related deferred outflows and deferred inflows is reported on the government-wide statement of activities but not in the governmental funds.			(406,143)
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
	Liability @ 12/31/25	(59,681)	
	Liability @ 12/31/24	64,447	4,766
Change In Net Position of Governmental Activities			$ 362,189

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	1,055,815	$ 1,015,813	$ 1,011,764	$ (4,049)
Sales	852,862	830,000	829,162	(838)
Franchise	259,045	295,000	295,433	433
Insurance premium	272,538	295,000	294,481	(519)
Alcoholic beverage	133,637	119,000	119,525	525
Other	60,171	65,000	63,807	(1,193)
Licenses and permits	163,655	113,150	112,171	(979)
Intergovernmental	196,991	264,500	264,348	(152)
Charges for services	42,774	40,000	134,016	94,016
Fines and forfeitures	127,000	97,000	96,775	(225)
Interest	2,000	2,005	2,249	244
Other	52,750	87,010	86,912	(98)
Total revenues	3,219,238	3,223,478	3,310,643	87,165
EXPENDITURES				
Current:				
General government	725,812	710,699	685,470	25,229
Judicial	123,331	122,984	120,532	2,452
Public safety	1,156,901	1,124,680	1,099,065	25,615
Public works	634,677	586,185	556,654	29,531
Culture and recreation	90,752	86,801	82,117	4,684
Community development	404,318	326,400	308,879	17,521
Total expenditures	3,135,791	2,957,749	2,852,717	105,032
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	83,447	265,729	457,926	192,197
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	3,000	3,052	52
Insurance recoveries	5,000	152,000	152,026	26
Transfers out	(130,000)	(130,000)	(130,000)	-
Total other financing sources (uses)	(120,000)	25,000	25,078	78
NET CHANGE IN FUND BALANCE	$ (36,553)	$ 290,729	483,004	$ 192,275
FUND BALANCE, JANUARY 1, 2025			2,773,494	
FUND BALANCE, DECEMBER 31, 2025			$ 3,256,498	

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 985,257	$ 762,557	$ (222,700)
Interest	-	233	233	-
Total revenues	-	985,490	762,790	(222,700)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,749,870)	(764,623)	985,247
Total other financing sources (uses)	-	(1,749,870)	(764,623)	985,247
NET CHANGE IN FUND BALANCE	$ -	$ (764,380)	(1,833)	$ 762,547
FUND BALANCE, JANUARY 1, 2025			1,833	
FUND BALANCE, DECEMBER 31, 2025			$ -	

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

ASSETS	Water and Sewer	Sanitation	Arts and Events	Total	Governmental Activities - Internal Service Fund Employee Insurance Fund
Current Assets					
Cash and cash equivalents	$ 6,524,180	$ 238,792	$ 5,365	$ 6,768,337	$ 99,966
Restricted cash and cash equivalents	194,182	-	-	194,182	-
Certificates of deposit	129,073	-	-	129,073	-
Accounts receivable	199,743	16,841	-	216,584	-
Interest receivable	53,994	-	-	53,994	-
Interfund receivable	174,770	27,438	-	202,208	-
Prepaid items	9,033	-	3,000	12,033	-
Total Current Assets	7,284,975	283,071	8,365	7,576,411	99,966
Noncurrent Assets					
Restricted Assets - Cash and cash equivalents	43,560,846	-	-	43,560,846	-
Capital Assets, net of accumulated depreciation	20,704,954	-	1,268,798	21,973,752	-
Total Noncurrent Assets	64,265,800	-	1,268,798	65,534,598	-
Total Assets	71,550,775	283,071	1,277,163	73,111,009	99,966
DEFERRED OUTFLOWS OF RESOURCES					
Resources related to pensions	52,036	-	4,367	56,403	-
LIABILITIES					
Current Liabilities					
Accounts payable	447,455	18,075	33,065	498,595	-
Claims payable	-	-	-	-	17,247
Accrued liabilities	5,339	-	2,222	7,561	-
Accrued interest payable	164,094	-	-	164,094	-
Customer deposits	194,182	-	-	194,182	-
Unearned revenue	166,792	-	5,943	172,735	-
Compensated absences payable - Current	7,847	-	-	7,847	-
Revenue bonds payable - Current	534,880	-	-	534,880	-
Interfund payable	32,338	-	59,950	92,288	207
Total Current Liabilities	1,552,927	18,075	101,180	1,672,182	17,454
Long-term Liabilites					
Compensated absences payable (net of current portion)	5,232	-	-	5,232	-
Revenue bonds payable (net of current portion)	51,135,245	-	-	51,135,245	-
Net pension liability	205,153	-	16,192	221,345	-
Total Long-term Liabilites	51,345,630	-	16,192	51,361,822	-
Total Liabilities	52,898,557	18,075	117,372	53,034,004	17,454
DEFERRED INFLOWS OF RESOURCES					
Unamortized premium on refunded bonds	21,116	-	-	21,116	-
Resources related to pensions	39,607	-	5,947	45,554	-
Total Deferred Inflows of Resources	60,723	-	5,947	66,670	-
NET POSITION					
Net investment in capital assets	12,325,255	-	1,268,798	13,594,053	-
Restricted for debt service	269,807	-	-	269,807	-
Restricted for capital projects	613	-	-	613	-
Unrestricted	6,047,856	264,996	(110,587)	6,202,265	82,512
Total Net Position	$ 18,643,531	$ 264,996	$ 1,158,211	$ 20,066,738	$ 82,512

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water and Sewer	Sanitation	Arts and Events	Total	Governmental Activities - Internal Service Fund Employee Insurance Fund
OPERATING REVENUES					
Water and sewer sales	$ 2,885,508	-	-	$ 2,885,508	-
Sanitation fees	-	$ 212,792	-	212,792	-
Premiums	-	-	-	-	$ 312,226
Impact fees	311,516	-	-	311,516	-
Late charges	85,973	5	-	85,978	-
Theater income	-	-	$ 176,211	176,211	-
Other income	-	-	20,977	20,977	-
Total operating revenues	3,282,997	212,797	197,188	3,692,982	312,226
OPERATING EXPENSES					
Salaries	371,579	-	85,311	456,890	-
Payroll taxes	28,774	-	6,527	35,301	-
Employee benefits/Uniforms	247,365	-	32,565	279,930	-
Utilities	217,723	-	28,429	246,152	-
Telephone	4,674	-	3,507	8,181	-
Contractual services	944,762	203,487	139,343	1,287,592	164,285
Professional services	84,311	-	-	84,311	-
Training	2,884	-	-	2,884	-
Travel	1,134	-	713	1,847	-
Dues and subscriptions	935	-	-	935	-
Insurance	3,134	-	-	3,134	-
Materials and supplies	173,238	-	33,035	206,273	-
Claims	-	-	-	-	139,591
Gasoline, oil, etc.	5,041	-	-	5,041	-
Repairs and maintenance	189,024	-	36,487	225,511	-
Bad debts	15,000	1,500	-	16,500	-
Depreciation	846,788	-	54,646	901,434	-
Other	128	-	247	375	-
Total operating expenses	3,136,494	204,987	420,810	3,762,291	303,876
OPERATING INCOME (LOSS)	146,503	7,810	(223,622)	(69,309)	8,350
NONOPERATING REVENUE (EXPENSE)					
Bond issuance cost	(918,751)	-	-	(918,751)	-
Interest income	69,378	227	26	69,631	1,757
Interest expense	(349,756)	-	-	(349,756)	-
Total nonoperating revenue (expense)	(1,199,129)	227	26	(1,198,876)	1,757
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS	(1,052,626)	8,037	(223,596)	(1,268,185)	10,107
CAPITAL GRANTS	1,001,122	-	-	1,001,122	-
TRANSFERS IN (OUT)	858,490	-	130,000	988,490	-
CHANGE IN NET POSITION	806,986	8,037	(93,596)	721,427	10,107
NET POSITION, JANUARY 1, 2025	17,836,545	256,959	1,251,807	19,345,311	72,405
NET POSITION, DECEMBER 31, 2025	$ 18,643,531	$ 264,996	$ 1,158,211	$ 20,066,738	$ 82,512

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water and Sewer	Sanitation	Arts and Events	Total	Governmental Activities - Internal Service Fund Employee Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 3,203,868	$ 210,214	$ 189,735	$ 3,603,817	-
Cash payments for employees	(506,019)	-	(107,855)	(613,874)	-
Cash payments for goods and services	(1,432,026)	(198,646)	(217,689)	(1,848,361)	-
Cash payments for claims and administrative fees	-	-	-	-	$ (299,941)
Cash received from internal charges	-	-	-	-	312,226
Net cash provided by (used by) operating activities	1,265,823	11,568	(135,809)	1,141,582	12,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from (to) other funds	(168,013)	(7,428)	28,060	(147,381)	207
Transfer in (out)	-	-	130,000	130,000	-
Net cash provided by (used by) noncapital financing activities	690,477	(7,428)	158,060	(17,381)	207
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(2,655,269)	-	(29,385)	(2,684,654)	-
Capital grant funds received	1,001,122	-	-	1,001,122	-
Principal payments on bonds payable	(520,980)	-	-	(520,980)	-
Transfer from capital projects fund	858,490			858,490	
Bond issuance cost	(918,751)	-	-	(918,751)	-
Interest payments	(281,994)	-	-	(281,994)	-
Proceeds from revenue bonds	43,374,579	-	-	43,374,579	-
Net cash provided by (used by) capital and related financing activities	40,857,197	-	(29,385)	40,827,812	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in certificates of deposit	(5,482)	-	-	(5,482)	-
Interest received	15,384	227	26	15,637	1,757
Net cash provided by (used by) investing activities	9,902	227	26	10,155	1,757
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,964,909	4,367	(7,108)	41,962,168	14,249
CASH AND CASH EQUIVALENTS, JANUARY 1, 2025	8,314,299	234,425	12,473	8,561,197	85,717
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2025	$ 50,279,208	$ 238,792	$ 5,365	$ 50,523,365	$ 99,966

	Water and Sewer	Sanitation	Arts and Events	Total	Employee Insurance Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES					
Operating income (loss)	146,503	$ 7,810	$ (223,622)	$ (69,309)	$ 8,350
Adjustments:					
Depreciation	846,788	-	54,646	901,434	-
(Increase) decrease in operating assets:					
Accounts receivable	(16,795)	(1,083)	-	(17,878)	-
Prepaid items	(9,033)	-	(900)	(9,933)	-
(Increase) decrease in deferred outflows of resources:					
Resources related to pensions	(35,742)	-	(4,367)	(40,109)	-
Increase (decrease) in operating liabilities:					
Accounts payable	218,995	4,841	24,972	248,808	-
Claims payable	-	-	-	-	3,935
Accrued liabilities	(7,893)	-	(2,643)	(10,536)	-
Customer deposits	13,183	-	-	13,183	-
Compensated absences payable	(7,467)	-	-	(7,467)	-
Unearned revenue	(75,517)	-	(7,453)	(82,970)	-
Net pension liability	222,703	-	27,211	249,914	-
Increase (decrease) in deferred inflows of resources:					
Resources related to pensions	(29,902)	-	(3,653)	(33,555)	-
Net cash provided by (used by) operating activities	$ 1,265,823	$ 11,568	$ (135,809)	$ 1,141,582	$ 12,285

See accompanying notes to the basic financial statements.

The City of Springfield, Georgia (the City) was incorporated under the provisions of Georgia law on August 19, 1912. The City operates under a Council-City Manager form of government and provides the following services as authorized by its charter: public safety, streets and lanes, sanitation, planning and zoning, water and sewer, and various administrative services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes, or issues their debt.

The component unit column included on the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

A brief description of the City's discretely presented component unit follows:

Springfield Downtown Development Authority (the Authority) – The Springfield Downtown Development Authority was activated in 2016 to invigorate the local economy and social strength of the community, while maintaining the historic charm and financial viability of the City. The City appoints the members of the Authority's board and assists with its funding. There are no separate financial statements for the Authority.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements – The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants and the City's general revenues, from business-type activities, generally financed in whole or part with service charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental funds are reported in separate columns.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance.

The following are the City's major governmental funds:

> ***General Fund*** – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Georgia.
>
> ***American Rescue Plan Act Fund*** **–** This fund accounts for all Local Fiscal Recovery Funds received by the City through the American Rescue Plan Act of 2021.
>
> ***SPLOST Capital Projects Fund*** – This fund accounts for the special purpose local option sales tax collected pursuant to a referendum for various capital improvements within the City.
>
> ***T-SPLOST Capital Projects Fund*** – This fund accounts for the regional transportation special purpose local option sales tax proceeds received for transportation purposes within the City.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and internal service funds. The City has three enterprise funds. The City accounts for its water and sewer operations in the Water and Sewer fund and solid waste collection and disposal in the Sanitation Fund. The City accounts for the operations of the Mars Theatre through the Arts and Events Fund. The City's internal service fund accounts for the City's employee health insurance.

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting
Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis in accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or United States Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The general fund reported an allowance for uncollectible taxes of $180,000. The water and sewer enterprise fund and the sanitation enterprise fund reported an allowance for uncollectibles of $117,000 and $11,500, respectively, at December 31, 2025.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns on the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances on this statement. These amounts are ultimately eliminated from the total column on the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2025, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable since this amount is not available for general appropriation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets – Cash and Cash Equivalents

Restricted cash includes amounts set aside for water and sewer capital projects and to meet the requirements of applicable bond covenants of the water and sewer revenue bond.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the City fund financial statements. Capital assets utilized by the proprietary fund are reported in the business-type activities column of the government-wide statement of net position and in the proprietary fund's statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges and water and sewer lines. For roads and bridges, the City has only capitalized infrastructure constructed after December 31, 2003. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Estimated Useful Lives		
Asset Class	Governmental Activities	Business-type Activities
Buildings and improvements	30-50 years	7-10 years
Machinery and equipment	5-10 years	5-10 years
Furniture and fixtures	5 years	5 years
Vehicles	5-8 years	5-8 years
Infrastructure	3-10 years	40 years
Water system	-	40 years
Sewer collection system	-	40 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation and leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of those funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are amortized over the life of the bonds using the effective interest method and bond issuance costs are expensed in the current period.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is resources related to pensions reported at the government-wide level for governmental and business-type activities and at the fund level for enterprise funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has an item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also has deferred inflows of resources related to its pension plan reported at the government-wide level for governmental and business-type activities and at the fund level for its proprietary funds. The City's component unit reports deferred inflows of resources related to leases on the government-wide statement of net position.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, and sanitation, and theater income for the Arts and Events Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund and include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between governmental and business-type activities are eliminated from the total column.

Leases

Lessee - The City of Springfield recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements for noncancellable leases of equipment. The City of Springfield recognizes lease liabilities with an initial individual value of $10,000 or more.

At the commencement of a lease, the City of Springfield initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City of Springfield determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City of Springfield uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City of Springfield generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City of Springfield is reasonably certain to exercise.

The City of Springfield monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City of Springfield had no lease liabilities or right-to-use leased assets to report on December 31, 2025.

Lessor –The City of Springfield was not a lessor of any leases, but the Downtown Development Authority of Springfield is a lessor for noncancellable leases of buildings. The Downtown Development Authority of Springfield recognizes a lease receivable and a deferred inflow of resources in the government-wide statement of net position.

At the commencement of a lease, the Downtown Development Authority of Springfield initially measures the lease receivable at the present value of payments expected to be received during the lease term.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Downtown Development Authority of Springfield determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Downtown Development Authority of Springfield uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Downtown Development Authority of Springfield monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City adopts an annual operating budget for the general fund, special revenue fund, and the capital projects funds. The budget resolution reflects the total of each department's appropriation in each fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

During the year, the City Council approved budget revisions.

All unexpended annual appropriations lapse at year-end.

NOTE 3 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At December 31, 2025, the carrying amount of the City's deposits (checking and certificates of deposit) was $58,218,614 and the bank balance was $58,342,294. Of the bank balance, $729,039 was covered by federal depository insurance, and $57,613,255 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

<u>Discretely Presented Component Unit</u>
At December 31, 2025, the carrying amount of deposits for the Downtown Development Authority of Springfield was $117,656 and the bank balance was $117,656 which was covered by federal depository insurance.

NOTE 4 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed near the end of each year and are payable within sixty days. The Effingham County Tax Commissioner bills and collects the City's property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e., collectible in 60 days). For the year ended December 31, 2025, property taxes were levied on August 12, 2025, and were due December 16, 2025.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2025, consisted of taxes, accounts (billings for user charges) and intergovernmental receivables arising from grants.

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Receivable Fund	Payable Fund	Amount
General Fund	Arts and Events	$ 59,950
	Water and Sewer	4,900
	Employee insurance	207
Water and Sewer	American Rescue Plan Act	174,770
Sanitation	Water and Sewer	27,438
		$ 267,265

Interfund balances at December 31, 2025 represent charges for services or reimbursable expenses. The City expects to repay all interfund balances within one year.

Interfund transfers of $130,000 were made from the general fund to the arts and events enterprise fund to help fund operations for the Mars Theatre. Interfund transfers of $764,623 from the American Rescue Plan Act Fund and $93,867 from the SPLOST capital projects fund were made to the Water and Sewer fund for capital improvements.

NOTE 7 – FUND BALANCES – GOVERNMENTAL FUNDS

As of December 31, 2025, fund balances are composed of the following:

	General Fund	American Rescue Plan Act Fund	TSPLOST Capital Projects Fund	SPLOST Capital Projects Fund	Total Governmental Funds
Nonspendable:					
Prepaid items	$ 78,418	-	-	-	$ 78,418
Restricted:					
Capital projects	-	-	$ 3,153,041	$ 1,694,040	4,847,081
Police	114,978	-	-	-	114,978
Streets	195,226	-	-	-	195,226
Unassigned	2,867,876	-	-	-	2,867,876
Total fund balances	$ 3,256,498	-	$ 3,153,041	$ 1,694,040	$ 8,103,579

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 2,560,590	-	-	$ 2,560,590
Total capital assets not being depreciated	2,560,590	-	-	2,560,590
Capital assets being depreciated:				
Buildings	1,750,740	$ 1,152,740	$ 1,337,019	1,566,461
Improvements other than buildings	683,443	98,218	-	781,661
Machinery and equipment	1,385,780	178,917	267,794	1,296,903
Infrastructure	5,694,762	445,060	-	6,139,822
Total capital assets being depreciated	9,514,725	1,874,935	1,604,813	9,784,847
Total capital assets	12,075,315	1,874,935	1,604,813	12,345,437
Accumulated depreciation:				
Buildings	427,569	39,103	172,307	294,365
Improvements other than buildings	522,254	37,216	-	559,470
Machinery and equipment	998,147	122,530	247,665	873,012
Infrastructure	764,384	215,055	-	979,439
Total accumulated depreciation	2,712,354	413,904	419,972	2,706,286
Governmental activities capital assets, net	$ 9,362,961	$ 1,461,031	$ 1,184,841	$ 9,639,151

Governmental activities depreciation expense:

General government	$ 45,199
Public safety	111,407
Streets	248,177
Recreation	9,121
Total governmental activities depreciation expense	$ 413,904

NOTE 8 – CAPITAL ASSETS (Continued)

The following table presents the changes in capital assets for the City's enterprise funds:

	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 7,537,909	-	-	$ 7,537,909
Construction in progress	-	$ 2,170,263	-	2,170,263
Total capital assets not being depreciated	7,537,909	2,170,263	-	9,708,172
Capital assets being depreciated:				
Buildings	1,609,513	-	-	1,609,513
Improvements other than buildings	19,956,160	$ 347,359	-	20,303,519
Machinery and equipment	1,289,311	167,032	-	1,456,343
Total capital assets being depreciated	22,854,984	514,391	-	23,369,375
Total capital assets	30,392,893	2,684,654	-	33,077,547
Accumulated depreciation:				
Buildings	351,014	40,238	-	391,252
Improvements other than buildings	8,847,429	780,511	-	9,627,940
Machinery and equipment	1,003,918	80,685	-	1,084,603
Total accumulated depreciation	10,202,361	901,434	-	11,103,795
Business-type activities capital assets, net	$ 20,190,532	$ 1,783,220	-	$ 21,973,752

The following table presents the changes in capital assets for the City's component unit:

	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Component unit - Springfield Downtown Development Authority:				
Capital assets not being depreciated:				
Land	$ 99,357	-	-	$ 99,357
Capital assets being depreciated:				
Buildings	210,573	-	$ 110,109	100,464
Total capital assets	309,930	-	110,109	199,821
Accumulated depreciation:				
Buildings	38,958	3,200	27,298	14,860
Total accumulated depreciation	38,958	3,200	27,298	14,860
Business-type activities capital assets, net	$ 270,972	$ (3,200)	$ 82,811	$ 184,961

NOTE 9 – LEASES

City as Lessor

The Development Authority of Springfield, as a lessor, has entered into lease agreements involving buildings. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the fiscal year was $11,418.

The future principal and interest payments expected to maturity are as follows:

Component Unit - Development Authority of Springfield

Fiscal year	Principal	Interest	Total
2026	$ 1,970	$ 7	$ 1,977

NOTE 10 – WATER AND SEWER REVENUE BONDS

Series 2020
In 2020, the City issued $5,486,000 in a City of Springfield Water and Sewer Refunding and Improvement Revenue Bond, Series 2020. The bond was issued to refund the outstanding Series 2012 Revenue Refunding Bonds and to provide funds needed to pay the cost of constructing additions and improvements to the City's water and sewer system.

The bond is secured by a lien on the revenues of the water and sewer system and the City is required to have a Revenue Fund in which all income and revenue of every nature derived from the ownership and operation of the water and sewer system is to be deposited. The City is also required to maintain a Bond Sinking Fund consisting of a Debt Service Account and a Debt Service Reserve Account, as well as a Renewal and Extension Fund that shall be held and used by the City for emergencies, current or future replacements and improvements, and certain other capital expenses. The Renewal and Extension fund may also be used for debt service to the extent that revenues are otherwise unavailable.

After all of the operating expenses of the system are paid from the Revenue Fund, amounts are paid into the Debt Service Account in the Bond Sinking Fund on or before the last business day of each month one-sixth of the principal and interest coming due on the next succeeding principal payment date.

The bond has an interest rate of 1.44 percent. The bond requires principal and interest payments payable semiannually on March 1 and September 1 each year.

NOTE 10 – WATER AND SEWER REVENUE BONDS (Continued)

Series 2023
In 2023, the City issued $5,108,675 in a City of Springfield Water and Sewer Revenue Bond, Series 2023. The bond was issued to provide funds needed to pay the cost of acquiring certain real property in order to construct and equip extensions, additions and improvements to the City's water and sewer system.

The bond is secured by a lien on the revenues of the water and sewer system and the City is required to have a Revenue Fund in which all income and revenue of every nature derived from the ownership and operation of the water and sewer system is to be deposited. The City is also required to maintain a Bond Sinking Fund consisting of a Debt Service Account and a Debt Service Reserve Account, as well as a Renewal and Extension Fund that shall be held and used by the City for emergencies, current or future replacements and improvements, and certain other capital expenses. The Renewal and Extension fund may also be used for debt service to the extent that revenues are otherwise unavailable.

After all of the operating expenses of the system are paid from the Revenue Fund, amounts are paid into the Debt Service Account in the Bond Sinking Fund on or before the last business day of each month one-sixth of the principal and interest coming due on the next succeeding principal payment date.

The bond has an interest rate of 4.73 percent. The bond requires principal and interest payments payable semiannually on March 1 and September 1 each year.

Series 2025
In December 2025, the City issued $41,495,000 in City of Springfield Water and Sewer Revenue Bonds, Series 2025. The bonds were issued to provide funds needed to pay the cost of acquiring, constructing, and equipping additions, extensions and improvements to the City's water and sewer system.

The bonds are secured by a lien on the revenues of the water and sewer system and the City is required to have a Revenue Fund in which all income and revenue of every nature derived from the ownership and operation of the water and sewer system is to be deposited. The City is also required to maintain a Bond Sinking Fund consisting of a Debt Service Account and a Debt Service Reserve Account, as well as a Renewal and Extension Fund that shall be held and used by the City for emergencies, current or future replacements and improvements, and certain other capital expenses. The Renewal and Extension fund may also be used for debt service to the extent that revenues are otherwise unavailable.

After all of the operating expenses of the system are paid from the Revenue Fund, amounts are paid into the Debt Service Account in the Bond Sinking Fund on or before the last business day of each month one-sixth of the principal and interest coming due on the next succeeding payment date.

The bonds have an interest rate of 5.00 percent through 2050 and 4.50 percent from 2051 through 2055. The bonds require interest payments payable semiannually on March 1 and September 1 each year and annual principal payments beginning September 1, 2028 and ending September 1, 2055.

NOTE 10 – WATER AND SEWER REVENUE BONDS (Continued)

As of December 31, 2025, annual debt service requirements for the revenue bonds are as follows:

Year ending December 31	Principal	Interest	Total
2026	$ 534,880	$ 1,679,883	2,214,763
2027	549,285	2,261,282	2,810,567
2028	949,218	2,246,349	3,195,567
2029	984,702	2,211,615	3,196,317
2030	1,020,760	2,175,307	3,196,067
2031-2035	5,716,608	10,272,477	15,989,085
2036-2040	6,190,093	8,988,258	15,178,351
2041-2045	8,705,000	7,282,375	15,987,375
2046-2050	11,105,000	4,877,875	15,982,875
2051-2055	14,035,000	1,950,525	15,985,525
	$ 49,790,546	$ 43,945,945	$ 93,736,491

NOTE 11 – CHANGES IN LONG-TERM DEBT

	Outstanding January 1, 2025	Additions	Reductions	Outstanding December 31, 2025	Amounts Due in One Year
Governmental Activities					
Compensated absences	$ 64,447	$ 1,496	$ 6,262	$ 59,681	$ 35,809
Business-Type Activities					
Revenue bonds payable	$ 8,816,526	$ 41,495,000	$ 520,980	$ 49,790,546	$ 534,880
Unamortized premium	-	1,879,579	-	1,879,579	-
	8,816,526	43,374,579	520,980	51,670,125	534,880
Compensated absences	20,546	-	7,467	13,079	7,847
Total Business-Type Activities	$ 8,837,072	$ 43,374,579	$ 528,447	$ 51,683,204	$ 542,727

The compensated absences liability will be paid from the General Fund for governmental activities and from the Water and Sewer Fund for business-type activities. Principal and interest payments related to revenue bonds payable for the City's Water and Sewer System are financed from income derived from the operation of the Water and Sewer System.

NOTE 12 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Springfield Retirement Plan (the "Plan"), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Benefits Provided

The Plan provides retirement benefits to eligible employees of the City. All regular employees meeting the eligibility requirements are covered under the plan. Elected or appointed members of the City and municipal legal officers are not eligible to participate in the plan. In order to be eligible for participation, regular employees must work a minimum of twenty hours per week for at least five months per year. Regular employees qualify for immediate participation in the plan and participation is mandatory for all eligible employees.

Plan participants are eligible to receive early retirement benefits at the age of fifty-five with the completion of ten years of total credited service. Normal retirement benefits may be received at the age of sixty-five with five years of total credited service.

Normal retirement benefits are calculated based on a flat percentage of 1.25 percent of final average earnings multiplied by years of total credited service as an eligible regular employee. The number of years of total credited service which may be used to calculate the benefit is not limited. Monthly benefits are paid at $1/12^{th}$ of the calculated amount. The same formula is used for all participants who are regular employees. Final average earnings are the annual average of earnings paid to a participant by the City for the five consecutive years of credited service preceding the participant's most recent termination in which the participant's earnings were the highest.

Final average earnings for participants electing to receive early retirement benefits are reduced by a percentage ranging from 50 percent to 93 percent depending on the number of years benefits are received prior to normal retirement age.

Disability retirement benefits shall be computed in the same manner as the normal retirement benefit, based upon the participant's accrued benefit as of his disability retirement date. The minimum disability benefit will be no less than 20% of the participant's average monthly earnings for the twelve calendar month period immediately preceding his termination of employment as a result of a disability.

In-service death benefits are payable to the participant's pre-retirement beneficiary, equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant, had he elected a 100% joint and survivor benefit under the plan. In order to be eligible for this benefit, a participant must be eligible for early or normal retirement.

NOTE 12 – EMPLOYEE RETIREMENT PLAN (Continued)

Employees Covered by Benefit Terms
At July 1, 2025, the most recent actuarial valuation, there were 55 participants as follows:

Active participants	24
Retirees and beneficiaries	9
Vested former employees	22
	55

Contributions
The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $134,651. This minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability or the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

Net Pension Liability
The City's net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025.

Actuarial Assumptions
The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Range of 3.25 to 8.5 percent, including inflation
Investment rate of return	7.375 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

NOTE 12 – EMPLOYEE RETIREMENT PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	7.03%
Global fixed income	5%	3.70%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 12 – EMPLOYEE RETIREMENT PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a)-(b)
Balance, March 31, 2024	$ 1,443,799	$ 1,472,368	$ (28,569)
Changes for the year:			
Service cost	42,221	-	42,221
Interest	107,435	-	107,435
Contributions from the employer	-	68,309	(68,309)
Net investment income	-	76,189	(76,189)
Difference between expected and	-		
actual experience	141,633	-	141,633
Benefit payments, including refunds	-		
of employee contributions	(58,554)	(58,554)	-
Administrative expenses	-	(12,042)	12,042
Other	666,975	-	666,975
Net Changes	899,710	73,902	825,808
Balance, March 31, 2025	$ 2,343,509	$ 1,546,270	$ 797,239

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.375 percent) or one percentage point higher (8.375 percent) than the current rate:

	Discount Rate - 1% (6.375%)	Current Discount Rate (7.375%)	Discount Rate + 1% (8.375%)
City's net pension liability	$1,162,330	$797,239	$ 500,986

NOTE 12 – EMPLOYEE RETIREMENT PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the City recognized pension expense of $647,428. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions after measurement date	$ 47,841	-
Differences in expected and actual experience	113,108	$ (154,131)
Effects of changes in assumptions	-	-
Net differences between projected and actual net investment income	36,471	-
	$ 197,420	$ (154,131)

City contributions subsequent to the measurement date of $47,841 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31	
2026	$ 16,339
2027	6,132
2028	(33,486)
2029	6,463
	$ (4,552)

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2025 there was no pending litigation that would have a material effect on the financial statements.

NOTE 14 – EMPLOYEE INSURANCE FUND

As of April, 2023, the City established an employee insurance fund (an internal service fund) to cover all employee health claims. The City makes payments to this fund monthly based on estimated premiums provided by the third-party administrator to fund this program. Amounts are also withheld from employees by payroll deduction for dependent coverage and paid to the employee insurance fund. A third-party administrator pays all claims from funds held in the employee insurance fund's bank account. The City has a co-insurer for claims from one individual within one year exceeding $45,000 and has a maximum annual liability policy of $1,000,000.

The claims liability of $17,247 reported at December 31, 2025 represents known claims incurred on or prior to December 31, 2025 and an estimate for claims that have been incurred but not reported. Changes in the fund's claims liability are as follows:

Year Ended December 31	Claims Liability, Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Claims Liability, End of Year
2023	-	$ 54,557	$ 43,429	$ 11,128
2024	$ 11,128	125,746	123,562	13,312
2025	13,312	139,591	135,656	17,247

NOTE 15 – 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; workers' compensation claims; and natural disasters. The City carries commercial insurance to cover these risks.

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the City in defense and settlement of claims. GIRMA's basis for establishing the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2025. No provisions have been made in the financial statements for the year ended December 31, 2025, for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

NOTE 16 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (RC) and is required to pay annual dues thereto. During the year ended December 31, 2025, the City paid $3,514 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-33 which provides for the organizational structure of the RC in Georgia. The RC Regional Council membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Coastal Regional Commission of Georgia
1181 Coastal Drive SW
Darien, Georgia 31305

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2026 the date that the financial statements were available for issue. No subsequent events requiring disclosure in the financial statements were noted.

CITY OF SPRINGFIELD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SPRINGFIELD RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 42,221	$ 38,880	$ 30,506	$ 32,036	$ 28,361	$ 26,222	$ 21,911	$ 23,853	$ 15,875	$ 24,505
Interest	107,435	119,954	113,137	113,365	103,147	95,865	90,032	83,815	87,169	84,779
Differences between expected and actual experience	141,633	(256,886)	27,535	(68,961)	77,458	(4,420)	29,396	31,015	(86,872)	(17,268)
Changes of assumptions		-	-	-	-	74,404	-	20,522	-	-
Benefit payments, including refunds of employee contributions	(58,554)	(91,526)	(82,713)	(73,291)	(74,880)	(72,748)	(63,001)	(61,343)	(57,549)	(64,819)
Other	666,975	-	-	-	-	-	-	-	-	-
Net change in total pension liability	899,710	(189,578)	88,465	3,149	134,086	119,323	78,338	97,862	(41,377)	27,197
Total pension liability-beginning	1,443,799	1,633,377	1,544,912	1,541,763	1,407,677	1,288,354	1,210,016	1,112,154	1,153,531	1,126,334
Total pension liability-ending (a	$ 2,343,509	$ 1,443,799	$ 1,633,377	$ 1,544,912	$ 1,541,763	$ 1,407,677	$ 1,288,354	$ 1,210,016	$ 1,112,154	$ 1,153,531
Plan fiduciary net position										
Contributions-employer	$ 68,309	$ 61,501	$ 67,412	$ 62,847	$ 56,522	$ 40,798	$ 38,500	$ 42,399	$ 48,743	$ 45,737
Net investment income	76,189	214,108	(94,572)	82,475	428,440	(70,832)	37,552	119,723	109,811	2,380
Benefit payments, including refunds of employee contributions	(58,554)	(91,526)	(82,713)	(73,291)	(74,880)	(72,748)	(63,001)	(61,343)	(57,549)	(64,819)
Administrative expense	(12,042)	(8,233)	(9,740)	(9,381)	(9,150)	(9,911)	(9,515)	(9,390)	(9,776)	(6,915)
Net change in plan fiduciary net position	73,902	175,850	(119,613)	62,650	400,932	(112,693)	3,536	91,389	91,229	(23,617)
Plan fiduciary net position-beginning	1,472,368	1,296,518	1,416,131	1,353,481	952,549	1,065,242	1,061,706	970,317	879,088	902,705
Plan fiduciary net position-ending (b	$ 1,546,270	$ 1,472,368	$ 1,296,518	$ 1,416,131	$ 1,353,481	$ 952,549	$ 1,065,242	$ 1,061,706	$ 970,317	$ 879,088
Net pension liability (asset)-ending (a)-(b	$ 797,239	$ (28,569)	$ 336,859	$ 128,781	$ 188,282	$ 455,128	$ 223,112	$ 148,310	$ 141,837	$ 274,443
Plan fiduciary net position as a percentage of the total pension liability	65.98%	101.98%	79.38%	91.66%	87.79%	67.67%	82.68%	87.74%	87.25%	76.21%
Covered-employee payroll	$ 1,493,072	$ 1,318,543	$ 1,231,648	$ 968,121	$ 1,017,956	$ 895,916	$ 921,105	$ 755,032	$ 764,679	$ 686,655
Net pension liability (asset) as a percentage of covered-employee payroll	53.40%	-2.17%	27.35%	13.30%	18.50%	50.80%	24.22%	19.64%	18.55%	39.97%

Notes to Schedule:

Changes of assumptions

There were no changes in assumptions in the last two fiscal years.

Benefit changes

Amounts reported for fiscal years ending in 2025 and later reflect that efective Novemenber 12, 2024, alternative normal retirement eligibility was changed from the Rule of 85 with minimimu age 55 to the Rule of 75 with minimum age 55 and the benefit multiplier was increased from 1.25% to 2.00%.

CITY OF SPRINGFIELD, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SPRINGFIELD RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	*	$ 68,154	$ 59,284	$ 70,122	$ 60,422	$ 49,700	$ 43,353	$ 36,882	$ 44,238	$ 50,244
Contributions in relation to the actuarially determined contribution	*	64,725	59,284	70,122	60,422	49,700	43,353	36,882	44,238	50,244
Contribution deficiency (excess	*	3,429	-	-	-	-	-	-	-	-
Covered-employee payroll	*	$ 1,318,543	$ 1,231,648	$ 968,121	$ 1,017,956	$ 895,916	$ 921,105	$ 755,032	$ 764,679	$ 686,655
Contributions as a percentage of covered-employee payroll	*	4.91%	4.81%	7.24%	5.94%	5.55%	4.71%	4.88%	5.79%	7.32%

*2025 information will be determined after fiscal year end and will be included in the 2026 valuation report

Notes to Schedule:

Valuation Date — The actuarially determined contribution rate was determined as of July 1, 2025, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2026.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 22 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	N/A
Retirement Age	Employees - 5% at ages 55 to 59, 7% at age 60 and 61, 20% at age 62, 10% at age 63 and 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older.
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

CITY OF SPRINGFIELD, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH SPLOST PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Project	Original Estimated Cost	Current Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Total	Estimated Percentage of Completion
2012 SPLOST						
Roads, streets and bridges	$ 1,047,600	$ 342,182	$ 342,182	-	$ 342,182	100%
Public buildings	104,760	104,760	104,760	-	104,760	100%
Public safety projects	392,850	153,227	153,227	-	153,227	100%
Recreation projects	419,040	266,601	-	$ 104,091	104,091	39%
Water and sewer projects	654,750	629,961	629,961	-	629,961	100%
Totals	$ 2,619,000	$ 1,496,731	$ 1,230,130	104,091	$ 1,334,221	89%
2017 SPLOST						
Roads, streets and bridges	$ 764,200	$ 764,200	$ 764,200	-	$ 764,200	100%
Public buildings	2,254,390	2,254,390	1,245,798	-	1,245,798	55%
Public safety projects	267,470	267,470	204,617	-	204,617	77%
Recreation projects	267,470	267,470	97,283	-	97,283	36%
Water and sewer projects	267,470	310,667	310,667	-	310,667	100%
Totals	$ 3,821,000	$ 3,864,197	$ 2,622,565	-	$ 2,622,565	68%
2021 SPLOST						
Streets and drainage projects	$ 1,048,320	$ 1,048,320	$ 85,755	$ 189,852	$ 275,607	26%
City buildings projects	174,720	174,720	-	3,788	3,788	2%
Public safety projects	349,440	349,440	-	92,171	92,171	26%
Parks projects	174,720	174,720	-	-	-	0%
Water and sewer projects	1,747,200	1,747,200	-	93,867	93,867	5%
Totals	$ 3,494,400	$ 3,494,400	$ 85,755	379,678	$ 465,433	13%

Total SPLOST expenditures	$ 483,769

CITY OF SPRINGFIELD, GEORGIA
SCHEDULE OF PROJECTS PAID
WITH TSPLOST PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Street improvements	$ 2,475,000	$ 2,475,000	$ 1,792,542	$ 108,188	$ 1,900,730	77%

Historical Demand Data

Water and Sewer Demand

The following table shows historical data of water and sewer demand for the last five years:

	Daily Water Production		Daily Sewage Treated	
Fiscal Year	Peak MGD	Average MGD	Peak MGD	Average MGD
2021	1.454	0.688	0.680	0.378
2022	1.885	0.778	0.477	0.361
2023	1.638	0.825	0.633	0.447
2024	1.926	0.915	0.771	0.512
2025	1.620	0.875	0.780	0.609

Historical Customer Data

Number of Customers of the System

The following table shows historical numbers of customers of the System for the last ten fiscal years:

Fiscal Year	Water Customers	Sewer Customers
2016	1,877	1,642
2017	1,973	1,735
2018	2,032	1,802
2019	2,073	1,843
2020	2,123	1,908
2021	2,055	2,005
2022	2,222	2,107
2023	2,527	2,413
2024	2,702	2,567
2025	2,704	2,549

Rates, Fees, and Charges

Current Water and Sewer Rate Schedule

Water and Sewer Residential and Commerical Customers Inside City Limits:

Usage	Water Rates
First 2,000 gallons	$13.00
2,000-5,000 gallons	$2.75 per thousand
5,000-20,000 gallons	$3.50 per thousand
Over 20,000 gallons	$4.50 per thousand

Usage	Sewer Rates
First 2,000 gallons	$20.00
Over 2,000 gallons	$4.25 per thousand

Water and Sewer Residential and Commercial Customers Outside City Limits:

Usage	Water Rates
First 2,000 gallons	$20.00
2,000-5,000 gallons	$3.25 per thousand
5,000-20,000 gallons	$4.50 per thousand
Over 20,000 gallons	$5.75 per thousand

Usage	Sewer Rates - Residential
First 2,000 gallons	$38.00
Over 2,000 gallons	$5.25 per thousand

Usage	Sewer Rates - Commerical
First 2,000 gallons	$38.00
2,001-19,999 gallons	$5.25 per thousand
20,000 - 49,999 gallons	$5.75 per thousand
Over 50,000 gallons	$6.25 per thousand

Impact Fees:

Water	$1,750
Sewer	$4,206

Meter Fees:

Size	Inside City Rate
3/4"	$800
Irrigation Meter	$1,050
1"	$1,100
2"	$1,150
3"	$3,000
4"	$4,000
6"	$6,000
10"	$10,000

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PUBLIC ACCOUNTANTS

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*

To the City Council
City of Springfield, Georgia

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, the aggregate discretely presented component unit, and each major fund of City of Springfield, Georgia, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise City of Springfield, Georgia's basic financial statements, and have issued our report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Springfield, Georgia's internal control over financial reporting (internal control) to determine the 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 City of Springfield, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Springfield, Georgia's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Springfield, Georgia'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Lanier, Deal & Deal

Statesboro, Georgia
June 25, 2026