

CITY OF SPRINGFIELD  
SPRINGFIELD, MINNESOTA

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2024

CITY OF SPRINGFIELD, MINNESOTA  
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SECTION I

INTRODUCTORY SECTION

CITY OF SPRINGFIELD  
SPRINGFIELD, MINNESOTA  
GENERAL INFORMATION

ELECTED AND APPOINTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>TERM EXPIRES</u>
MAYOR	Lowell Helget	12/31/2024
COUNCIL MEMBER	Jeanette Pidde	12/31/2024 - Appointed June 4, 2024
COUNCIL MEMBER	Shelley Frantz	12/31/2026
COUNCIL MEMBER	John Ryan	12/31/2024
COUNCIL MEMBER	Nicholas Klisch	12/31/2024
CITY CLERK	Justtina Erickson	Appointed
CITY FINANCE MANAGER/TREASURER	Amy Vogel	Appointed
CITY MANAGER	Amber Dale	Appointed
CITY ATTORNEY	Paul Muske	Appointed

2025

MAYOR	Lowell Helget	12/31/2028
COUNCIL MEMBER	Jeanette Pidde	12/31/2026
COUNCIL MEMBER	Shelley Frantz	12/31/2026
COUNCIL MEMBER	Joshua Anderson	12/31/2028
COUNCIL MEMBER	Nicholas Klisch	12/31/2028
CITY CLERK	Justtina Erickson	Appointed
CITY FINANCE MANAGER/TREASURER	Amy Vogel	Appointed
CITY MANAGER	Amber Dale	Appointed
CITY ATTORNEY	Paul Muske	Appointed

SECTION II  
FINANCIAL SECTION

Dennis E. Oberloh, CPA  
Sara J. Oberloh, CPA



P.O. Box 186  
530 West Park Road  
Redwood Falls, MN 56283  
507-644-6400  
[www.oberlohcpa.com](http://www.oberlohcpa.com)

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Council  
City of Springfield  
Springfield, Minnesota

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the City of Springfield, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Springfield, Minnesota'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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Minnesota as of December 31, 2024, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, Minnesota 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, Minnesota'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, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension reporting schedules on pages 6 through 15 and 62 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springfield, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, summary financial report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 combining and individual nonmajor fund financial statements, summary financial report, and the schedule of expenditures of federal awards 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 introductory section 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 18, 2025 on our consideration of City of Springfield, Minnesota'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, Minnesota'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, Minnesota's internal control over financial reporting and compliance.

*Oberloh & Oberloh Ltd.*

Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 18, 2025

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

### FINANCIAL HIGHLIGHTS

As Management of the City of Springfield (hereinafter referred to as “the City”) we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2024.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$31,156,178 (net position). Of this amount, \$9,457,377 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,895,348 compared to an increase of \$1,224,334 in the previous year. The governmental activities net position increased by \$1,378,981 and the business-type activities net position increased \$516,367.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,772,023, an increase of \$122,785 in comparison with the prior year. Approximately 58.1 percent of this total amount, \$2,770,622, is available for spending at the City's discretion, although \$2,198,718 has been assigned and \$186,521 has been committed for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$852,187, or 36.4 percent of total General Fund expenditures.
- The City's total debt decreased by \$665,475 or 8.8 percent during the current fiscal year.

### USING THIS ANNUAL REPORT

This management discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional components: (1) required supplementary information, and (2) other supplementary information, in addition to the basic financial statements.

#### Government-wide Financial Statements

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

The Statement of Net Position (on page 16) provides information on all the City’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (on page 17) provides information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

USING THIS ANNUAL REPORT (Cont.)

Government-wide Financial Statements (Cont.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and highways, housing and economic development, culture and recreation, airport, health and welfare, and miscellaneous. The business-type activities of the City include public utilities commission, rental housing, storm sewer utility, and community ambulance.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet (on page 18) and the governmental fund statement of revenues, expenditures and changes in fund balances (on page 20) provide a reconciliation (on pages 19 and 21) to facilitate this comparison between governmental funds and governmental activities.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Medical Center, Library Board Fund and FEMA Safe Room Project; all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for its General Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

*Proprietary Funds:* The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utilities commission, rental housing, storm sewer utility, and community ambulance.

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

USING THIS ANNUAL REPORT (Cont.)

Fund Financial Statements (Cont.)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides separate information for the Public Utilities Commission, Rental Housing, and Storm Sewer Utility; all of which are considered to be major funds of the City. Data from the other nonmajor enterprise funds are combined into a single, aggregated presentation. The basic proprietary fund financial statements can be found on pages 22 through 25 of this report.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the private purpose trust funds or custodial funds of the city. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 27 and 28 of this report.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements can be found beginning on page 29 through 61 of this report.

Required Supplementary Information

This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule and Pension Schedules (on pages 62 - 79) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes, referred to as the basic financial statements.

Other Supplementary Information

This part of the annual report (starting on page 80) includes optional financial information such as combining nonmajor governmental fund statements and component unit financial statements (which are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

THE CITY AS A WHOLE

Looking at the net position and net expenses of the governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

THE CITY AS A WHOLE (Cont.)

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current Assets	\$ 6,453,411	\$ 6,282,076	\$ 6,300,092	\$ 5,956,329	\$ 12,753,503	\$ 12,238,405
Capital Assets	17,821,746	16,901,785	9,196,332	9,254,907	27,018,078	26,156,692
Other Assets	24,051	-	633,000	720,781	657,051	720,781
Total Assets	<u>24,299,208</u>	<u>23,183,861</u>	<u>16,129,424</u>	<u>15,932,017</u>	<u>40,428,632</u>	<u>39,115,878</u>
Deferred Outflows of Resources	<u>986,583</u>	<u>1,356,969</u>	<u>107,875</u>	<u>226,874</u>	<u>1,094,458</u>	<u>1,583,843</u>
Current Liabilities	689,070	626,251	634,486	599,042	1,323,556	1,225,293
Long-term Liabilities	<u>3,854,397</u>	<u>4,576,784</u>	<u>3,475,193</u>	<u>3,920,467</u>	<u>7,329,590</u>	<u>8,497,251</u>
Total Liabilities	<u>4,543,467</u>	<u>5,203,035</u>	<u>4,109,679</u>	<u>4,519,509</u>	<u>8,653,146</u>	<u>9,722,544</u>
Deferred Inflows of Resources	<u>1,455,170</u>	<u>1,429,622</u>	<u>258,596</u>	<u>286,725</u>	<u>1,713,766</u>	<u>1,716,347</u>
Net Position						
Net Investment in Capital Assets	14,399,818	13,123,129	6,350,728	6,276,116	20,750,546	19,399,245
Restricted	948,255	1,475,944	-	-	948,255	1,475,944
Unrestricted	<u>3,939,081</u>	<u>3,309,100</u>	<u>5,518,296</u>	<u>5,076,541</u>	<u>9,457,377</u>	<u>8,385,641</u>
Total Net Position	<u>\$ 19,287,154</u>	<u>\$ 17,908,173</u>	<u>\$ 11,869,024</u>	<u>\$ 11,352,657</u>	<u>\$ 31,156,178</u>	<u>\$ 29,260,830</u>

A large portion of the City's net position (66.6 percent) reflects its net investment in capital assets (e.g., land, buildings and improvements, systems and infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (30.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for both governmental and business-type activities.

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

THE CITY AS A WHOLE (Cont.)

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Revenues</u>						
Program Revenues:						
Fees, Fines, and						
Charges for Services	\$ 651,128	\$ 628,615	\$ 1,108,075	\$ 1,126,719	\$ 1,759,203	\$ 1,755,334
Contributions	474,546	79,610	12,189	-	486,735	79,610
Operating Grants and						
Contributions	428,881	-	46,398	7,769	475,279	7,769
Sales	-	-	3,634,661	3,549,858	3,634,661	3,549,858
General Revenues:						
Taxes and						
Assessments	1,533,771	1,417,074	-	-	1,533,771	1,417,074
Intergovernmental						
Revenue	1,176,380	2,116,305	-	-	1,176,380	2,116,305
Interest Income	182,454	127,630	232,723	158,976	415,177	286,606
Insurance Proceeds	-	-	667	37	667	37
Gain (Loss) on Sale of						
Capital Assets	-	-	-	1,800	-	1,800
Miscellaneous Income	1,153,398	253,232	3,586	25,570	1,156,984	278,802
Refunds and						
Reimbursements	-	-	-	400	-	400
Total Revenues	<u>5,600,558</u>	<u>4,622,466</u>	<u>5,038,299</u>	<u>4,871,129</u>	<u>10,638,857</u>	<u>9,493,595</u>
<u>Expenses</u>						
General Government	1,048,555	735,116	-	-	1,048,555	735,116
Public Safety	776,511	909,304	-	-	776,511	909,304
Public Works	740,609	690,826	-	-	740,609	690,826
Culture and Recreation	916,149	941,177	-	-	916,149	941,177
Health and Welfare	247,013	233,036	-	-	247,013	233,036
Economic Development	52,176	52,840	-	-	52,176	52,840
Miscellaneous	364,543	329,589	-	-	364,543	329,589
Interest on Long-Term						
Debt	90,562	98,641	-	-	90,562	98,641
Water	-	-	340,160	340,121	340,160	340,121
Sewer	-	-	415,853	431,567	415,853	431,567
Electric	-	-	3,076,579	2,838,544	3,076,579	2,838,544
Storm Sewer	-	-	56,012	27,890	56,012	27,890
Community Ambulance	-	-	465,317	468,678	465,317	468,678
Rental Housing	-	-	153,470	171,932	153,470	171,932
Total Expenses	<u>4,236,118</u>	<u>3,990,529</u>	<u>4,507,391</u>	<u>4,278,732</u>	<u>8,743,509</u>	<u>8,269,261</u>
Transfers	<u>14,541</u>	<u>19,429</u>	<u>(14,541)</u>	<u>(19,429)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,378,981	651,366	516,367	572,968	1,895,348	1,224,334
Net Position Beginning	<u>17,908,173</u>	<u>17,256,807</u>	<u>11,352,657</u>	<u>10,779,689</u>	<u>29,260,830</u>	<u>28,036,496</u>
Net Position Ending	<u>\$ 19,287,154</u>	<u>\$ 17,908,173</u>	<u>\$ 11,869,024</u>	<u>\$ 11,352,657</u>	<u>\$ 31,156,178</u>	<u>\$ 29,260,830</u>

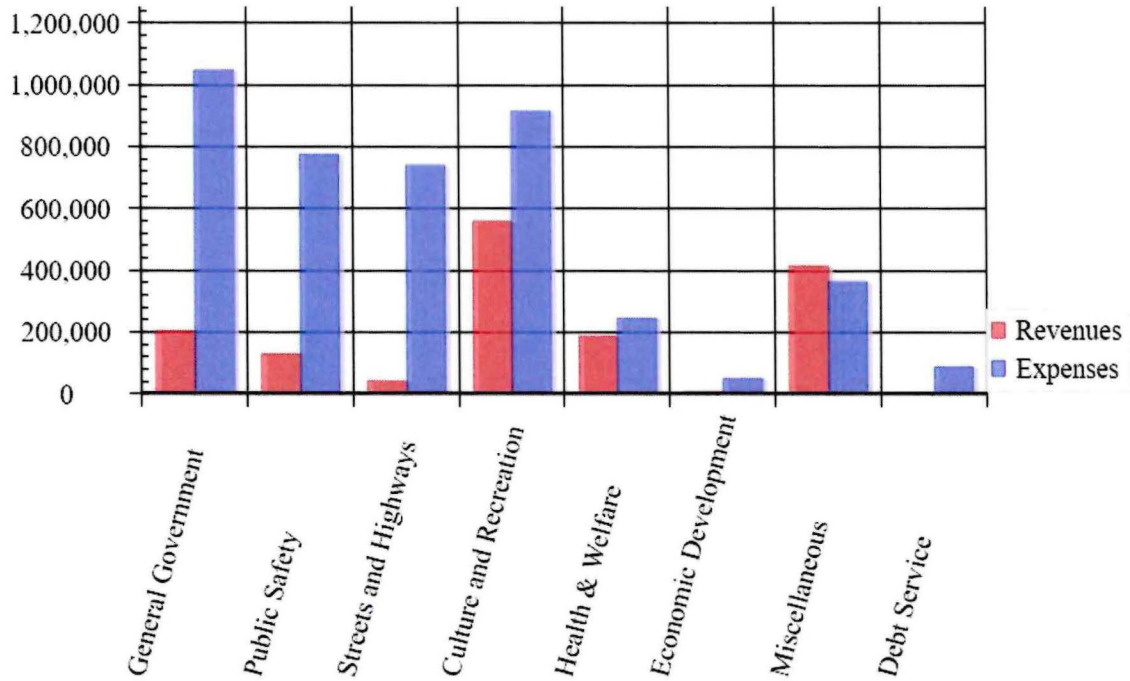
CITY OF SPRINGFIELD, MINNESOTA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2024

THE CITY AS A WHOLE (Cont.)

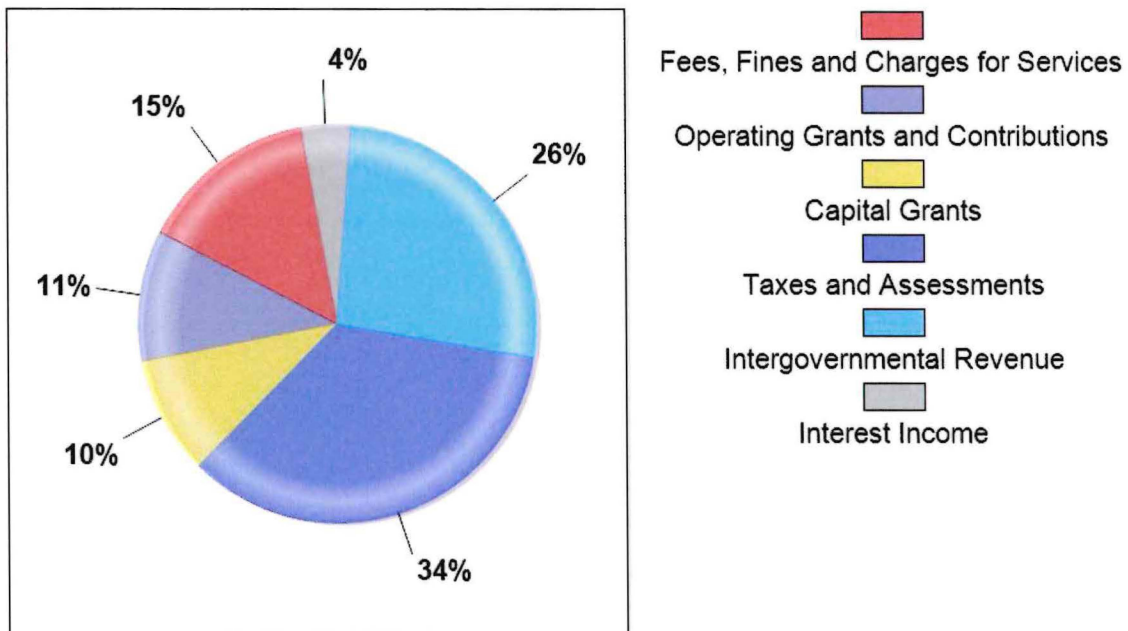
Governmental Activities

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

**Expenses and Program Revenues -  
 Governmental Activities**



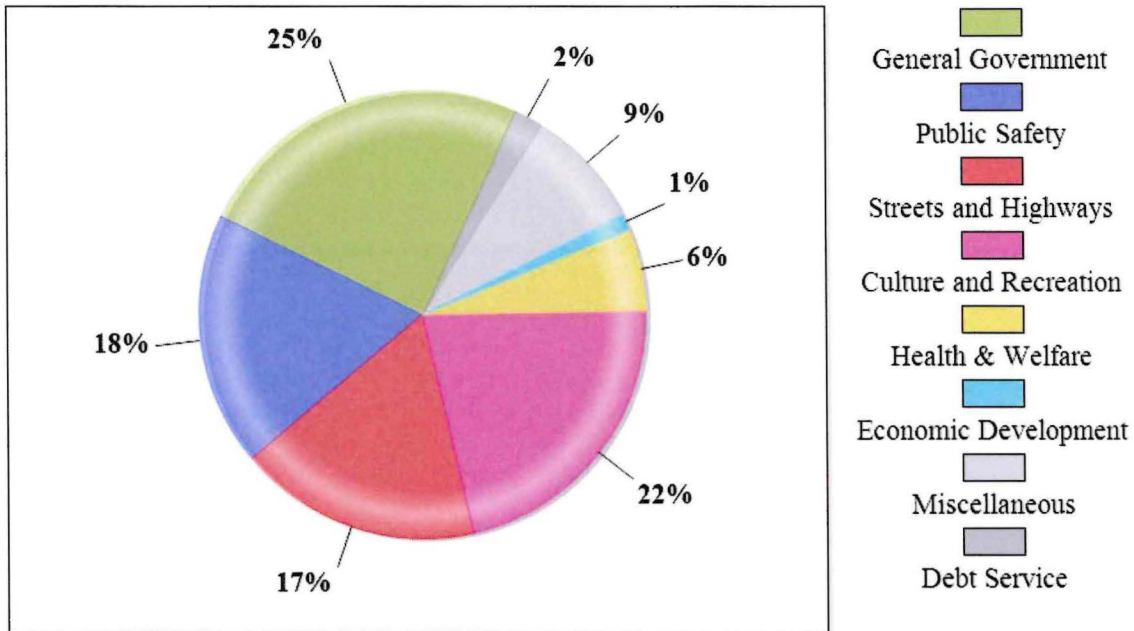
**Sources of Funds in Governmental Activities**



CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

THE CITY AS A WHOLE (Cont.)  
Governmental Activities (Cont.)

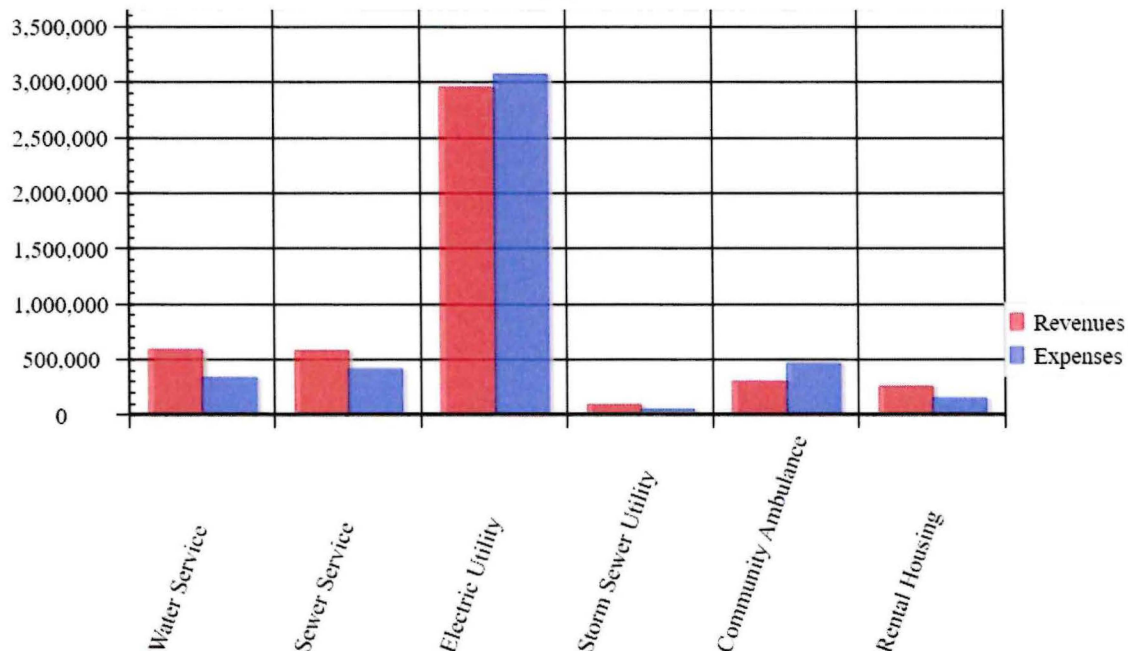
**Uses of Funds in Governmental Activities**



Business-Type Activities

The following graphs depict various business-type activities and show the revenues and expenses directly related to those activities.

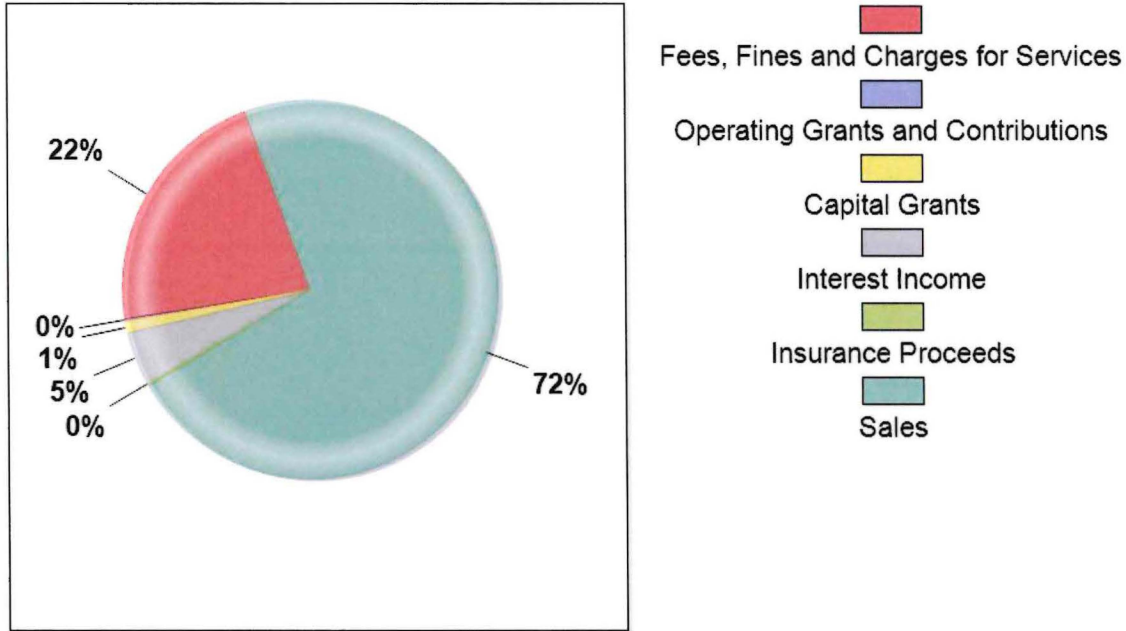
**Expenses and Program Revenues -  
Business-Type Activities**



CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

THE CITY AS A WHOLE (Cont.)  
Business-Type Activities (Cont.)

**Sources of Funds in Business-Type Activities**



**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$4,772,023 an increase of \$122,785 in comparison with the prior year. The fund balance is broke down into five categories, \$1,053,146 is nonspendable, \$948,255 is restricted, \$186,521 is committed, \$2,198,718 is assigned, and \$385,383 is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$1,391,339, of which \$531,072 is nonspendable for inventory, prepaid expenses, and interfund receivables; \$8,080 is assigned for specific purposes; and \$852,187 is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 36.4 percent of the General Fund expenditures. The fund balance of the City's General Fund increased by \$255,449 during 2024.

The Medical Center Fund is used to account for the resources and expenditures related to the City's Medical Center building. The total fund balance at the end of the year was \$1,128,029, of which \$23,020 was nonspendable to offset prepaid expenses and \$1,105,009 was assigned for future medical center related expenditures.

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Cont.)

The Library Board Fund is used to account for the resources and expenditures related to the City's library. The total fund balance at the end of the year was \$828,466 which was assigned for future library related expenditures.

The FEMA Safe Room Project is used to account for the resources and expenditures related to the FEMA Safe Room construction project of the City. The total fund balance at the end of the year was a deficit unassigned fund balance of \$466,804. This deficit fund balance is expected to be cleared from transfers from other funds at project completion.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$5,518,296. The total increase in net position of the funds was \$516,367. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Fiduciary Funds

The City maintains two fiduciary funds at the end of the year. One of the funds is a private-purpose trust fund and one fund is a custodial fund. The total net position of these funds was \$4,657, all of which is restricted by individuals and other governments. The decrease in net position was \$726,771. The decrease is due to closing two of the previous private-purpose trust funds into the Library Board Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund budget was not amended during the year. The budget called for revenues and other financing sources equal to of expenditures and other financing uses. During 2024 revenues were over expectations by \$237,899. In addition expenditures came in under budget by \$33,930 and other financing uses were over budget by \$16,380 during 2024.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$27,018,078 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 3.3 percent (an 5.4 percent increase for governmental activities and a 0.6 percent decrease for business-type activities). The increase was due to capital outlay exceeding depreciation.

CITY OF SPRINGFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION (Cont.)

Capital Assets (Cont.)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 730,218	\$ 730,218	\$ 215,355	\$ 215,355	\$ 945,573	\$ 945,573
Construction in Progress	2,810,430	1,413,918	-	-	2,810,430	1,413,918
Buildings	11,172,124	11,161,006	7,748,391	7,733,924	18,920,515	18,894,930
Infrastructure and Improvements	16,127,723	15,938,216	12,210,475	11,875,491	28,338,198	27,813,707
Machinery and Equipment	<u>4,676,300</u>	<u>4,520,644</u>	<u>6,627,956</u>	<u>6,543,277</u>	<u>11,304,256</u>	<u>11,063,921</u>
Subtotal	35,516,795	33,764,002	26,802,177	26,368,047	62,318,972	60,132,049
Less: Accumulated Depreciation	<u>17,695,049</u>	<u>16,862,217</u>	<u>17,605,845</u>	<u>17,113,140</u>	<u>35,300,894</u>	<u>33,975,357</u>
Total	<u>\$ 17,821,746</u>	<u>\$ 16,901,785</u>	<u>\$ 9,196,332</u>	<u>\$ 9,254,907</u>	<u>\$ 27,018,078</u>	<u>\$ 26,156,692</u>

Debt

At the end of the current fiscal year, the City had total Long-term debt outstanding of \$6,900,531.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Tax Increment Bonds	\$ 94,750	\$ 102,443	\$ -	\$ -	\$ 94,750	\$ 102,443
G.O. Improvement Bonds	3,187,179	3,516,215	-	-	3,187,179	3,516,215
G.O. Bonds	140,000	160,000	-	-	140,000	160,000
G.O. Revenue Bonds	-	-	2,278,602	2,487,348	2,278,602	2,487,348
G.O. Revenue Notes	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>1,300,000</u>	<u>1,200,000</u>	<u>1,300,000</u>
Total	<u>\$3,421,929</u>	<u>\$3,778,658</u>	<u>\$3,478,602</u>	<u>\$3,787,348</u>	<u>\$6,900,531</u>	<u>\$7,566,006</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City continues to have stagnant revenue from Local Government Aid. Although future loses are not expected, revenues are anticipated to remain at current levels in the near future. The City will continue to monitor the budget and expenditures to ensure future financial sustainability. The City continues to make necessary infrastructure improvements and capital outlay purchases as needed.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens and other interested individuals with a general overview of the City's finances and to show the accountability for the monies it receives through property taxes, user fees, and local government aid. If you have any questions about this report or need additional financial information, contact the City Clerk's Office at City of Springfield, 2 East Central Street, Springfield, MN 56087, phone 507 723 3502.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024

	Primary Government			Economic Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Investments	\$ 4,131,535	\$ 5,397,847	\$ 9,529,382	\$ 291,411
Receivables:				
Accounts Receivable	50,951	389,262	440,213	-
Property Taxes Receivable	36,572	-	36,572	-
Special Assessments Receivable	1,111,276	-	1,111,276	-
Interest Receivable	56,590	64,467	121,057	-
Notes Receivable	149,425	87,782	237,207	115,989
Assets Held for Resale	16,547	-	16,547	-
Due from Other Governments	502,712	12,373	515,085	-
Lease Receivable	234,925	-	234,925	-
Prepaid Expense	105,924	39,341	145,265	118
Internal Balances	49,894	(149,224)	(99,330)	99,330
Inventory	7,060	458,244	465,304	-
Capital Assets:				
Nondepreciable:				
Land	730,218	215,355	945,573	189,913
Construction in Progress	2,810,430	-	2,810,430	-
Depreciable, Net of Accumulated Depreciation:				
Buildings	5,883,721	2,439,547	8,323,268	-
Infrastructure and Improvements	7,022,230	6,122,464	13,144,694	-
Machinery and Equipment	1,375,147	418,966	1,794,113	-
Net Pension Asset	24,051	-	24,051	-
Notes Receivable	-	633,000	633,000	-
<b>TOTAL ASSETS</b>	<b>24,299,208</b>	<b>16,129,424</b>	<b>40,428,632</b>	<b>696,761</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pensions	986,583	107,875	1,094,458	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>986,583</b>	<b>107,875</b>	<b>1,094,458</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts Payable	211,169	202,352	413,521	75
Accrued Interest	3,031	16,262	19,293	-
Accrued Payroll	48,019	33,732	81,751	-
Due to Other Governments	37	13,423	13,460	-
Accrued Compensated Absences	42,788	16,907	59,695	-
Customer Deposits	500	29,500	30,000	-
Unearned Revenue	20,175	10,030	30,205	-
Noncurrent liabilities:				
Due within one year	363,351	312,280	675,631	-
Net Pension Liability	606,496	236,631	843,127	-
Due in more than one year	3,058,578	3,166,324	6,224,902	-
Unamortized Bond Premium	189,323	72,238	261,561	-
<b>TOTAL LIABILITIES</b>	<b>4,543,467</b>	<b>4,109,679</b>	<b>8,653,146</b>	<b>75</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions	1,201,532	258,596	1,460,128	-
Related to Leases	253,638	-	253,638	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,455,170</b>	<b>258,596</b>	<b>1,713,766</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	14,399,818	6,350,728	20,750,546	189,913
Restricted	948,255	-	948,255	-
Unrestricted	3,939,081	5,518,296	9,457,377	506,773
<b>TOTAL NET POSITION</b>	<b>\$ 19,287,154</b>	<b>\$ 11,869,024</b>	<b>\$ 31,156,178</b>	<b>\$ 696,686</b>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Program Revenues					Net Sources (Uses) and Changes in Net Position			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants	Sales	Primary Government			
						Governmental Activities	Business-Type Activities	Total	
Primary Government									
Governmental Activities:									
General Government	\$ 1,048,555	\$ 205,090	\$ -	\$ -	\$ -	\$ (843,465)	\$ -	\$ (843,465)	\$ -
Public Safety	776,511	45,744	85,651	-	-	(645,116)	-	(645,116)	-
Streets and Highways	740,609	8,815	34,434	-	-	(697,360)	-	(697,360)	-
Culture and Recreation	916,149	131,927	-	428,881	-	(355,341)	-	(355,341)	-
Health & Welfare	247,013	188,188	-	-	-	(58,825)	-	(58,825)	-
Economic Development	52,176	8,379	-	-	-	(43,797)	-	(43,797)	-
Miscellaneous	364,543	62,985	354,461	-	-	52,903	-	52,903	-
Debt Service	90,562	-	-	-	-	(90,562)	-	(90,562)	-
Total Governmental Activities	<u>4,236,118</u>	<u>651,128</u>	<u>474,546</u>	<u>428,881</u>	<u>-</u>	<u>(2,681,563)</u>	<u>-</u>	<u>(2,681,563)</u>	<u>-</u>
Business-Type Activities:									
Water Service	340,160	-	-	-	592,680	-	252,520	252,520	-
Sewer Service	415,853	585,817	-	727	-	-	170,691	170,691	-
Electric Utility	3,076,579	-	11,497	-	2,945,623	-	(119,459)	(119,459)	-
Storm Sewer Utility	56,012	-	-	-	96,358	-	40,346	40,346	-
Community Ambulance	465,317	260,180	692	45,671	-	-	(158,774)	(158,774)	-
Rental Housing	153,470	262,078	-	-	-	-	108,608	108,608	-
Total Business-Type Activities	<u>4,507,391</u>	<u>1,108,075</u>	<u>12,189</u>	<u>46,398</u>	<u>3,634,661</u>	<u>-</u>	<u>293,932</u>	<u>293,932</u>	<u>-</u>
Total Primary Government	<u>\$ 8,743,509</u>	<u>\$ 1,759,203</u>	<u>\$ 486,735</u>	<u>\$ 475,279</u>	<u>\$ 3,634,661</u>	<u>(2,681,563)</u>	<u>293,932</u>	<u>(2,387,631)</u>	<u>-</u>
Component Unit	<u>\$ 17,427</u>	<u>\$ 7,260</u>	<u>\$ 22,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,983</u>
General Revenues:									
Taxes and Assessments						1,533,771	-	1,533,771	-
Intergovernmental Revenue						1,176,380	-	1,176,380	-
Interest Income						182,454	232,723	415,177	15,735
Insurance Proceeds						-	667	667	-
Miscellaneous						1,153,398	3,586	1,156,984	-
Transfers						<u>14,541</u>	<u>(14,541)</u>	<u>-</u>	<u>15,000</u>
Total General Revenues						<u>4,060,544</u>	<u>222,435</u>	<u>4,282,979</u>	<u>30,735</u>
Changes in Net Position						1,378,981	516,367	1,895,348	42,718
Net Position- January 1						<u>17,908,173</u>	<u>11,352,657</u>	<u>29,260,830</u>	<u>653,968</u>
Net Position- December 31						<u>\$ 19,287,154</u>	<u>\$ 11,869,024</u>	<u>\$ 31,156,178</u>	<u>\$ 696,686</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	100 - General Fund	251 - Medical Center	210 - Library Board	408 - FEMA Safe Room Project	Nonmajor Governmental Funds	Total
<b>ASSETS:</b>						
Cash and Investments	\$ 959,187	\$ 1,082,546	\$ 821,477	\$ -	\$ 1,268,325	\$ 4,131,535
Accounts Receivable	36,082	-	-	-	14,869	50,951
Assets Held for Resale	16,547	-	-	-	-	16,547
Property Taxes Receivable	36,572	-	-	-	-	36,572
Special Assessments Receivable	10,421	-	-	-	1,100,855	1,111,276
Interest Receivable	1,261	33,476	7,961	-	13,892	56,590
Notes Receivable	-	-	-	-	149,425	149,425
Due from Other Governments	34,556	22	-	428,881	39,253	502,712
Lease Receivable	109,649	37,051	-	-	88,225	234,925
Prepaid Expense	68,857	23,020	-	-	14,047	105,924
Inventory	7,060	-	-	-	-	7,060
Due from Other Funds	455,155	-	-	-	506,150	961,305
<b>Total Assets</b>	<b><u>\$ 1,735,347</u></b>	<b><u>\$ 1,176,115</u></b>	<b><u>\$ 829,438</u></b>	<b><u>\$ 428,881</u></b>	<b><u>\$ 3,195,041</u></b>	<b><u>\$ 7,364,822</u></b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 36,074	\$ 8,582	\$ 936	\$ 155,886	\$ 9,691	\$ 211,169
Accrued Payroll	43,121	2,022	-	-	2,876	48,019
Due to Other Funds	83,760	-	-	739,799	87,854	911,413
Customer Deposits	-	500	-	-	-	500
Due to Other Governments	1	-	36	-	-	37
Unearned Revenue	8,845	730	-	-	10,600	20,175
<b>Total Liabilities</b>	<b><u>171,801</u></b>	<b><u>11,834</u></b>	<b><u>972</u></b>	<b><u>895,685</u></b>	<b><u>111,021</u></b>	<b><u>1,191,313</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue	46,993	-	-	-	1,100,855	1,147,848
Related to Leases	125,214	36,252	-	-	92,172	253,638
<b>Total Deferred Inflows of     Resources</b>	<b><u>172,207</u></b>	<b><u>36,252</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,193,027</u></b>	<b><u>1,401,486</u></b>
<b>FUND BALANCES:</b>						
Nonspendable	531,072	23,020	-	-	499,054	1,053,146
Restricted	-	-	-	-	948,255	948,255
Committed	-	-	-	-	186,521	186,521
Assigned	8,080	1,105,009	828,466	-	257,163	2,198,718
Unassigned	852,187	-	-	(466,804)	-	385,383
<b>Total Fund Balances</b>	<b><u>1,391,339</u></b>	<b><u>1,128,029</u></b>	<b><u>828,466</u></b>	<b><u>(466,804)</u></b>	<b><u>1,890,993</u></b>	<b><u>4,772,023</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 1,735,347</u></b>	<b><u>\$ 1,176,115</u></b>	<b><u>\$ 829,438</u></b>	<b><u>\$ 428,881</u></b>	<b><u>\$ 3,195,041</u></b>	<b><u>\$ 7,364,822</u></b>

CITY OF SPRINGFIELD, MINNESOTA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2024

Total Governmental Fund Balances	\$ 4,772,023
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,821,748
Part of taxes and special assessments receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	1,147,848
Long-term liabilities, including bonds payable, accrued interest, bond premium, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(3,657,071)
Net Pension Liability, Deferred Inflows of Resources Related to Pensions and Deferred Outflows of Resources Related to Pensions in governmental activities are not current financial resources and therefore not reported in the governmental funds.	<u>(797,394)</u>
Net Position of Governmental Activities	<u>\$ 19,287,154</u>

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	100 - General Fund	251 - Medical Center	210 - Library Board	408 - FEMA Safe Room Project	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 1,132,128	\$ -	\$ -	\$ -	\$ 503,634	\$ 1,635,762
Licenses and Permits	14,827	-	-	-	-	14,827
Intergovernmental Revenue	1,277,274	-	18,351	428,881	354,461	2,078,967
Charges for Services	331,840	188,188	1,973	-	110,586	632,587
Fines and Forfeits	3,278	-	436	-	-	3,714
Interest Income	16,189	67,636	22,276	1,780	74,571	182,452
Miscellaneous	93,193	5,571	709,443	253,242	91,949	1,153,398
Total Revenues	<u>2,868,729</u>	<u>261,395</u>	<u>752,479</u>	<u>683,903</u>	<u>1,135,201</u>	<u>5,701,707</u>
<b>EXPENDITURES</b>						
Current Operations:						
General Government	701,180	-	-	-	335,756	1,036,936
Public Safety	726,451	-	-	-	-	726,451
Streets and Highways	347,739	-	-	-	-	347,739
Culture and Recreation	432,535	-	53,351	-	255,787	741,673
Health & Welfare	-	247,013	-	-	-	247,013
Economic Development	39,381	-	-	-	16,731	56,112
Miscellaneous	86,708	-	-	-	15,896	102,604
Debt Service:						
Principal Payments	-	-	-	-	356,729	356,729
Interest Payments	-	-	-	-	92,858	92,858
Miscellaneous	-	-	-	-	1,485	1,485
Capital Outlay	8,861	-	10,087	1,472,051	397,754	1,888,753
Total Expenditures	<u>2,342,855</u>	<u>247,013</u>	<u>63,438</u>	<u>1,472,051</u>	<u>1,472,996</u>	<u>5,598,353</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	525,874	14,382	689,041	(788,148)	(337,795)	103,354
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In	40,000	-	-	103,040	382,664	525,704
Transfer Out	<u>(310,425)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(145,848)</u>	<u>(506,273)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>255,449</u>	<u>(35,618)</u>	<u>689,041</u>	<u>(685,108)</u>	<u>(100,979)</u>	<u>122,785</u>
<b>FUND BALANCES - January 1</b>						
As Originally Stated	1,135,890	1,163,647	-	218,304	2,131,397	4,649,238
Change in Reporting Entity - Nonmajor to Major	-	-	139,425	-	(139,425)	-
As Restated	<u>1,135,890</u>	<u>1,163,647</u>	<u>139,425</u>	<u>218,304</u>	<u>1,991,972</u>	<u>4,649,238</u>
<b>FUND BALANCES (DEFICIT) - December 31</b>	<u>\$ 1,391,339</u>	<u>\$ 1,128,029</u>	<u>\$ 828,466</u>	<u>\$ (466,804)</u>	<u>\$ 1,890,993</u>	<u>\$ 4,772,023</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 122,785
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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 and reported as depreciation expense.	
Capital Outlay	1,888,753
Depreciation Expense	(968,792)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	17,556
Special Assessments	(119,547)
Interest on long-term liabilities is expensed as paid in the funds, but accrued in the period due in the Statement of Activities.	257
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are delayed and amortized in the Statement of Activities.	
Principal Repayments	356,729
Debt Premium/Discount	3,524
Compensated Absences do not require the use of current financial resources and, therefore, are not accrued in the fund statements.	(3,410)
Pension expense related to Net Pension Liability reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension Expense	80,286
Grant Income	<u>840</u>
Change in Net Position of Governmental Activities	<u>\$ 1,378,981</u>

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2024

	<u>Public Utilities Commission</u>	<u>610 - Rental Housing</u>	<u>651 - Storm Sewer Utility</u>	<u>Nonmajor 608 - Community Ambulance</u>	<u>Total</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Investments	\$ 4,856,857	\$ 195,263	\$ 345,727	\$ -	\$ 5,397,847
Accounts Receivable	347,704	-	-	41,557	389,261
Interest Receivable	62,349	-	2,118	-	64,467
Notes Receivable	87,782	-	-	-	87,782
Due from Other Funds	101,295	-	16,445	-	117,740
Due from Other Governments	12,048	-	-	325	12,373
Prepaid Expense	29,412	8,648	-	1,281	39,341
Inventory	458,244	-	-	-	458,244
Total Current Assets	<u>5,955,691</u>	<u>203,911</u>	<u>364,290</u>	<u>43,163</u>	<u>6,567,055</u>
<b>NONCURRENT ASSETS</b>					
Capital Assets:					
Land	158,356	56,999	-	-	215,355
Buildings	5,405,938	2,327,717	-	14,736	7,748,391
Infrastructure and Improvements	11,437,775	-	772,700	-	12,210,475
Machinery and Equipment	6,316,414	-	-	311,542	6,627,956
Total Capital Assets	23,318,483	2,384,716	772,700	326,278	26,802,177
Less: Accumulated Depreciation	<u>16,179,908</u>	<u>1,081,862</u>	<u>46,447</u>	<u>297,628</u>	<u>17,605,845</u>
Net Capital Assets	7,138,575	1,302,854	726,253	28,650	9,196,332
Notes Receivable	633,000	-	-	-	633,000
Total Noncurrent Assets	<u>7,771,575</u>	<u>1,302,854</u>	<u>726,253</u>	<u>28,650</u>	<u>9,829,332</u>
<b>TOTAL ASSETS</b>	<u>13,727,266</u>	<u>1,506,765</u>	<u>1,090,543</u>	<u>71,813</u>	<u>16,396,387</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to Pensions	<u>107,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,875</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>107,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,875</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$13,835,141</u>	<u>\$ 1,506,765</u>	<u>\$ 1,090,543</u>	<u>\$ 71,813</u>	<u>\$16,504,262</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2024

	<u>Public Utilities Commission</u>	<u>610 - Rental Housing</u>	<u>651 - Storm Sewer Utility</u>	<u>Nonmajor 608 - Community Ambulance</u>	<u>Total</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 184,248	\$ 2,620	\$ -	\$ 15,484	\$ 202,352
Due to Other Funds	24,545	99,330	-	143,088	266,963
Accrued Interest	2,043	13,230	989	-	16,262
Accrued Payroll	27,025	-	-	6,707	33,732
Due to Other Governments	13,070	-	-	353	13,423
Accrued Compensated Absences	16,907	-	-	-	16,907
Customer Deposits	29,500	-	-	-	29,500
Unearned Revenue	-	10,030	-	-	10,030
Current Amount of Long-Term Debt	<u>171,832</u>	<u>100,000</u>	<u>40,448</u>	<u>-</u>	<u>312,280</u>
<b>Total Current Liabilities</b>	<u>469,170</u>	<u>225,210</u>	<u>41,437</u>	<u>165,632</u>	<u>901,449</u>
<b>LONG-TERM LIABILITIES</b>					
Net Pension Liability	236,631	-	-	-	236,631
Bonds and Notes Payable	1,610,414	1,100,000	455,910	-	3,166,324
Unamortized Bond Premium	<u>50,637</u>	<u>-</u>	<u>21,601</u>	<u>-</u>	<u>72,238</u>
<b>Total Long-Term Liabilities</b>	<u>1,897,682</u>	<u>1,100,000</u>	<u>477,511</u>	<u>-</u>	<u>3,475,193</u>
<b>TOTAL LIABILITIES</b>	<u>2,366,852</u>	<u>1,325,210</u>	<u>518,948</u>	<u>165,632</u>	<u>4,376,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to Pensions	<u>258,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,596</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>258,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,596</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	5,989,329	102,854	229,895	28,650	6,350,728
Unrestricted (Deficit)	<u>5,220,364</u>	<u>78,701</u>	<u>341,700</u>	<u>(122,469)</u>	<u>5,518,296</u>
<b>Total Net Position (Deficit)</b>	<u>11,209,693</u>	<u>181,555</u>	<u>571,595</u>	<u>(93,819)</u>	<u>11,869,024</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$13,835,141</u>	<u>\$ 1,506,765</u>	<u>\$ 1,090,543</u>	<u>\$ 71,813</u>	<u>\$16,504,262</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Public Utilities Commission	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	Total
<b>OPERATING REVENUES</b>					
Sales	\$ 3,493,412	\$ -	\$ 96,358	\$ -	\$ 3,589,770
Charges for Services	585,817	-	-	260,180	845,997
Rental Income	-	262,078	-	-	262,078
Other Revenues	44,891	-	-	-	44,891
Total Operating Revenues	<u>4,124,120</u>	<u>262,078</u>	<u>96,358</u>	<u>260,180</u>	<u>4,742,736</u>
<b>OPERATING EXPENSES</b>					
Salaries	417,134	-	-	151,404	568,538
Depreciation	395,026	63,836	15,454	18,387	492,703
Insurance	-	14,183	-	1,383	15,566
Repairs, Maintenance and Supplies	-	1,961	24,542	30,394	56,897
Utilities	-	2,971	-	-	2,971
Miscellaneous	-	2	-	-	2
Transmission and Distribution	191,182	-	-	-	191,182
Power Production and Pumping	494,661	-	-	-	494,661
Purification	12,012	-	-	-	12,012
General and Administrative	438,554	-	-	-	438,554
Sewage Collection and Disposal	100,165	-	-	-	100,165
Other Services and Charges	-	30,057	4,784	244,414	279,255
Purchases and generation	1,761,139	-	-	-	1,761,139
Total Operating Expenses	<u>3,809,873</u>	<u>113,010</u>	<u>44,780</u>	<u>445,982</u>	<u>4,413,645</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>314,247</u>	<u>149,068</u>	<u>51,578</u>	<u>(185,802)</u>	<u>329,091</u>
<b>NON OPERATING INCOME AND EXPENSE</b>					
Interest Income	210,831	4,722	16,707	463	232,723
Insurance Proceeds	-	-	-	667	667
Contributions and Other	727	-	-	45,671	46,398
Grant Income	11,497	-	-	692	12,189
Miscellaneous Income	2,999	587	-	-	3,586
Interest Expense	(22,719)	(40,460)	(11,232)	-	(74,411)
Bad Debt Expense	-	-	-	(19,335)	(19,335)
Net Non Operating Income and Expense	<u>203,335</u>	<u>(35,151)</u>	<u>5,475</u>	<u>28,158</u>	<u>201,817</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	517,582	113,917	57,053	(157,644)	530,908
Transfer In	-	2,655	-	22,803	25,458
Transfer Out	(39,999)	-	-	-	(39,999)
<b>CHANGE IN NET POSITION</b>	477,583	116,572	57,053	(134,841)	516,367
<b>NET POSITION - January 1</b>	<u>10,732,110</u>	<u>64,983</u>	<u>514,542</u>	<u>41,022</u>	<u>11,352,657</u>
<b>NET POSITION (DEFICIT) - December 31</b>	<u>\$11,209,693</u>	<u>\$ 181,555</u>	<u>\$ 571,595</u>	<u>\$ (93,819)</u>	<u>\$ 11,869,024</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Public Utilities Commission	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 4,171,734	\$ 252,223	\$ 96,358	\$ 286,296	\$ 4,806,611
Payments to Vendors	(2,938,988)	(48,167)	(29,453)	(277,630)	(3,294,238)
Payments to Employees	(445,664)	(249)	-	(147,942)	(593,855)
Other Receipts and Payments	<u>3,726</u>	<u>587</u>	<u>-</u>	<u>1,359</u>	<u>5,672</u>
Net Cash Provided (Used) By Operating Activities	<u>790,808</u>	<u>204,394</u>	<u>66,905</u>	<u>(137,917)</u>	<u>924,190</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Note Receivable	87,781	-	-	-	87,781
Transfer to Other Funds	(39,999)	-	-	20,570	(19,429)
Due to (from) Other Funds	<u>-</u>	<u>(18,813)</u>	<u>-</u>	<u>90,548</u>	<u>71,735</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>47,782</u>	<u>(18,813)</u>	<u>-</u>	<u>111,118</u>	<u>140,087</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of Capital Assets	(434,130)	-	-	-	(434,130)
Principal Paid on Capital Debt	(169,511)	(100,000)	(39,239)	-	(308,750)
Principal Paid on Due to Debt Service Fund	(27,219)	(41,720)	(13,179)	-	(82,118)
Capital Grants and Contributions	11,497	-	-	45,671	57,168
Bad Debt Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,335)</u>	<u>(19,335)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(619,363)</u>	<u>(141,720)</u>	<u>(52,418)</u>	<u>26,336</u>	<u>(787,165)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment Earnings	<u>161,111</u>	<u>4,722</u>	<u>16,457</u>	<u>463</u>	<u>182,753</u>
Net Cash Provided By Investing Activities	<u>161,111</u>	<u>4,722</u>	<u>16,457</u>	<u>463</u>	<u>182,753</u>
NET INCREASE IN CASH	380,338	48,583	30,944	-	459,865
CASH AND CASH EQUIVALENTS - January 1	<u>4,476,519</u>	<u>146,680</u>	<u>314,783</u>	<u>-</u>	<u>4,937,982</u>
CASH AND CASH EQUIVALENTS - December 31	<u>\$ 4,856,857</u>	<u>\$ 195,263</u>	<u>\$ 345,727</u>	<u>\$ -</u>	<u>\$ 5,397,847</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Public Utilities Commission</u>	<u>610 - Rental Housing</u>	<u>651 - Storm Sewer Utility</u>	<u>Nonmajor 608 - Community Ambulance</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities					
Operating Income (Loss)	\$ 314,247	\$ 149,068	\$ 51,578	\$ (185,802)	\$ 329,091
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities					
Depreciation	395,026	63,836	15,454	18,387	492,703
Noncash Pension Expense	(31,090)	-	-	-	(31,090)
Changes in Assets and Liabilities					
Receivables	42,899	-	-	26,179	69,078
Due from Other Funds and Governments	1,615	-	(127)	(63)	1,425
Inventory	86,554	-	-	-	86,554
Prepaid Expenses	(1,857)	(642)	-	564	(1,935)
Accounts Payable	33,177	1,649	-	(1,963)	32,863
Accrued Wages	2,481	(249)	-	3,462	5,694
Accrued Compensated Absences	79	-	-	-	79
Customer Deposits	3,100	(19,885)	-	-	(16,785)
Unearned Revenue	-	10,030	-	-	10,030
Due to Other Funds and Governments	(59,149)	-	-	(40)	(59,189)
Other Receipts and Payments	<u>3,726</u>	<u>587</u>	<u>-</u>	<u>1,359</u>	<u>5,672</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 790,808</u>	<u>\$ 204,394</u>	<u>\$ 66,905</u>	<u>\$ (137,917)</u>	<u>\$ 924,190</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2024

	<u>Private-Purpose Trust Funds</u>			<u>Custodial</u>	<u>Total</u>
	<u>801 - Altermatt Trust</u>	<u>803 - Rothenburg Trust</u>	<u>804 - Roiger Trust</u>	<u>871 - State</u>	
ASSETS:					
Cash and Investments	\$ -	\$ -	\$ 4,657	\$ 9,664	\$ 14,321
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,657</u>	<u>\$ 9,664</u>	<u>\$ 14,321</u>
LIABILITIES:					
Due to Other Governments	\$ -	\$ -	\$ -	\$ 9,664	\$ 9,664
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,664</u>	<u>9,664</u>
NET POSITION:					
Restricted by Individuals and Other Governments	<u>-</u>	<u>-</u>	<u>4,657</u>	<u>-</u>	<u>4,657</u>
Total Net Position	<u>-</u>	<u>-</u>	<u>4,657</u>	<u>-</u>	<u>4,657</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,657</u>	<u>\$ 9,664</u>	<u>\$ 14,321</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Private-Purpose Trust Funds			Custodial Fund	
	801 - Altermatt Trust	803 - Rothenburg Trust	804 - Roiger Trust	871 - State	Total
ADDITIONS					
Interest Income	\$ <u>13,543</u>	\$ <u>1,385</u>	\$ <u>645</u>	\$ -	\$ <u>15,573</u>
Total Revenues	<u>13,543</u>	<u>1,385</u>	<u>645</u>	-	<u>15,573</u>
DEDUCTIONS					
Payments for Contracted Services	<u>580,696</u>	<u>113,194</u>	<u>48,454</u>	-	<u>742,344</u>
Total Expenditures	<u>580,696</u>	<u>113,194</u>	<u>48,454</u>	-	<u>742,344</u>
NET DECREASE IN FIDUCIARY NET POSITION	(567,153)	(111,809)	(47,809)	-	(726,771)
NET POSITION - January 1	<u>567,153</u>	<u>111,809</u>	<u>52,466</u>	-	<u>731,428</u>
NET POSITION - December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,657</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,657</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springfield (the City) operates under a home rule charter form of government. The City is governed by an elected Mayor and four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City provides the following services: general government, public safety, streets and highways, public health and welfare, culture, recreation, economic development, electric utility, waterworks, sanitary sewer, storm sewer, community ambulance, and housing.

The financial statements of the City of Springfield, Minnesota are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant of these accounting policies are described below.

A. Reporting Entity

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Based on this criteria, the City has included the Economic Development Authority as a component unit.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year which 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 must also be available before it can be recognized.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue in the fund financial statements.

The City reports the following major governmental funds:

- General Fund - The General Fund is the City's primary operating fund. It is used to account for all financial resources not required to be accounted for in another fund.
- Medical Center Fund - The Medical Center Fund accounts for costs and revenues associated with operating the medical center building of the City.
- Library Board Fund - The Library Board Fund accounts for the resources and expenditures related to the library.
- FEMA Safe Room Project - The FEMA Safe Room Project is used to account for resources and costs related to the building of the FEMA safe room construction project.

The City reports the following major proprietary funds:

- Public Utilities Commission - To account for costs associated with the City's electric, water and sewer utilities and insures that user charges are sufficient to pay for those costs.
- Rental Housing Fund - To account for costs associated with the City's rental housing and insures that rents are sufficient to pay for those costs.
- Storm Sewer Utility Fund - To account for operations, maintenance and capital improvements of the City's storm sewer system.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's electric, water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) sales. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Restricted Assets

Certain funds of the City are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

G. Deposits and Investments

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

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Share of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities in (1) above.
3. General obligations of the State of Minnesota or any of its municipalities.
4. Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
5. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality, and maturing in 270 days or less.
6. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000 a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
7. Guaranteed investment contracts (GIC's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC's issued by Minnesota banks.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Deposits and Investments (Cont.)

Investments for the City are reported at fair value. The 4M Fund and broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

The City has adopted an investment policy to establish objectives and specific guidelines that the City will use in the investment of City funds. The objectives of the policy are as follows:

- Safety of Principal - Safety of the principal is the foremost objective of the City. Each investment transaction must seek to first ensure that losses are minimized.
- Liquidity - The investment portfolio must remain sufficiently liquid to meet all operating costs that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- Yield - The investment portfolio must be maintained so as to attain a market-average rate of return.

The City will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields; however, no more than five percent of unreserved funds shall extend beyond three years unless ratified by the City Council to extend beyond that period.

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less. Therefore, the entire balance in the proprietary funds is considered cash equivalents.

H. Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by an unavailable revenue liability for delinquent taxes not received within 60 days after year end in the fund financial statements.

I. Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. Since the City is generally able to certify delinquent amounts to the County for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

J. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash during the year or within 60 days after year end. All governmental special assessments receivable are offset by an unearned revenue liability in the fund financial statements.

K. Inventories

Inventories of the utility funds are based on an annual physical inventory count and priced at the lower of cost (first-in; first-out basis) or market. The cost of governmental fund type inventories are recorded as expenditures when purchased.

L. Interfund Receivables and Payables

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

M. Prepaid Items

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

N. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

As the City constructs or acquires assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation. The City has elected not to retroactively capitalize the infrastructure of its governmental activities acquired prior to January 1, 2004 as allowed by GASB Statement No. 34.

For financial statement purposes only, capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives: infrastructure: 15 - 50 years; buildings and improvements: 7 - 40 years; furniture, machinery and equipment: 5 - 15 years.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

O. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The total amount of compensated absences accrued at December 31, 2024 was \$59,695.

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond discounts and premiums are recorded as assets and liabilities, respectively and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. 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.

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.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

R. Fund Balance

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - Consists of amounts that are not in spendable form, such as prepaid items.

Restricted - Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

Assigned - Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management.

Unassigned - The residual classification for the general fund and also reflects negative residual amounts in other funds

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

S. Net Position

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- (a) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- (b) Restricted net position – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- (c) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

T. Comparative Data/Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont.)

A. Budgetary Information (Cont.)

In August of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

B. Expenditures Over Appropriations

The following sub-functions of the General Fund had expenditures in excess of appropriations for the year ended December 31, 2024.

<u>Function Area</u>	Budget	Actual	Variance
General Fund:			
Public Safety	\$ 677,814	\$ 726,451	\$ (48,637)
Economic Development	\$ 15,000	\$ 39,381	\$ (24,381)
Miscellaneous	\$ 76,647	\$ 86,708	\$ (10,061)

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2024:

FEMA Safe Room Project	(466,804)
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The above deficits will be eliminated through transfers from other funds, bonding and future tax and assessment collections.

3. DEPOSITS AND INVESTMENTS

A. Cash and Cash Investments

Custodial Credit Risk - Custodial credit risk for deposits and investments is the risk that in the event of a bank failure the City’s deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes, the City maintains deposits at the depository banks, which are authorized by the City Council and are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be 110% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (140% in the case of mortgage notes pledged).

Authorized collateral includes the legal investments described by state statutes, as well as certain first mortgage notes, and certain other state and local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the City or in a financial institution other than that furnishing the collateral.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

A. Cash and Cash Investments (Cont.)

At year end, the City's carrying amount of deposits was \$7,188,298 and the bank balance was \$6,584,168 including certificates of deposits of \$3,112,267. Of the bank balance, \$2,716,501 was covered by federal depository insurance. Of the remaining balance, \$3,867,667 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

B. Investments

As of December 31, 2024, the City had the following pooled investments that are insured or registered, or securities held by the City or its agent in the City's name.

<u>Type of Investment</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
4M Fund	\$ <u>2,646,266</u>	\$ <u>-</u>	\$ <u>2,646,266</u>	\$ <u>-</u>
Total	\$ <u>2,646,266</u>	\$ <u>-</u>	\$ <u>2,646,266</u>	\$ <u>-</u>

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related assets. Level 3 inputs are unobservable inputs related to the asset.

C. Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$550.

D. Cash and Investments Summary

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

Total Deposits	\$	7,188,298
Total Investments		2,646,266
Total Cash on Hand		<u>550</u>
	\$	<u>9,835,114</u>
Statement of Net Position		
Primary Government	\$	9,529,382
Component Unit		291,411
Fiduciary Funds		<u>14,321</u>
	\$	<u>9,835,114</u>

4. NOTES RECEIVABLE

Local businesses have promissory notes with the Springfield EDA for various amounts. These notes will be paid back to the EDA at various monthly payments with interest at 4.0 to 7.0 percent per annum on all unpaid balances. The balances on these loans at December 31, 2024 is \$115,989 net of allowance of \$265,493. These notes are unsecured.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

4. NOTES RECEIVABLE (Cont.)

The City has issued notes to renovate and remodel residential and business properties through the Small Cities Loan Grant Program. The balance of these notes at December 31, 2024 is \$456,183. These notes are forgivable after 10 years if the original property owner is still residing at the improved property. Since these notes are likely to be forgiven an allowance for doubtful accounts has been setup for the forgivable portion of \$422,482. Of the balance, \$33,701 is not considered forgivable and is expected to be repaid to the City at various monthly payments with interest at 2.0 to 4.0 percent.

The City has entered an agreement with Teske Manufacturing for business addition. The agreement was done through a Rural Development Economic Development Loan program through the PUC. The PUC will receive monthly installments of \$4,202 with interest at 0.0 percent. The balance at December 31, 2024 was \$390,756.

The City has entered an agreement with Halter Diesel LLC for business addition. The agreement was done through a Rural Development Economic Development Loan program through the PUC. The PUC will receive monthly installments of \$3,113 with interest at 0.0 percent. The balance at December 31, 2024 was \$330,025.

5. DUE TO AND FROM OTHER FUNDS

Due to and from other funds at December 31, 2024, follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 455,156	\$ 83,760
FEMA Safe Room Project	-	739,799
Nonmajor Governmental Funds	506,150	87,854
Public Utilities Commission	101,295	24,545
Rental Housing Fund	-	99,330
Storm Sewer Utility Fund	16,445	-
Community Ambulance	-	143,088
EDA Fund	99,330	-
	<u>\$ 1,178,376</u>	<u>\$ 1,178,376</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds were made.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

6. UNAVAILABLE/UNEARNED REVENUE

Governmental funds report unavailable and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Delinquent taxes receivable	\$ 36,572	\$ -
Special assessments receivable	10,421	-
Loans Receivable	-	845
Other Revenue	-	8,000
Medical Center		
Prepaid Rent	-	730
Nonmajor Governmental Funds		
Special assessments receivable	1,100,855	-
Community Center Revenue	-	10,600
Total	<u>\$ 1,147,848</u>	<u>\$ 20,175</u>

7. TRANSFERS

Transfers to and from other funds at December 31, 2024, follows:

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 310,425	\$ 40,000
Medical Center	50,000	-
FEMA Safe Room Project	-	103,040
Nonmajor Governmental Funds	145,848	382,664
Public Utilities Commission	39,999	-
Rental Housing	-	2,655
Community Ambulance Fund	-	22,803
Governmental Activities	4,890	-
	<u>\$ 551,162</u>	<u>\$ 551,162</u>

- The General Fund transferred \$184,500 to the Nonmajor Governmental Funds for future capital purchases.
- The Nonmajor Governmental Funds transferred \$53,040 and the Medical Center transferred \$50,000 to the FEMA Safe Room Project fund for contributions towards project costs.
- The Nonmajor Governmental Funds transferred \$92,809 to other Nonmajor Governmental Funds to close the capital project fund into the debt service fund.
- The General Fund transferred \$105,354 to Nonmajor Governmental Funds and \$20,570 to the Community Ambulance Fund for operating purposes.
- The Public Utilities Commission transferred \$39,999 to the General Fund for payment in lieu of taxes.
- The Governmental Activities transferred \$4,890 to the Rental Housing and Community Ambulance Funds to eliminate pension liability and related reporting.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS

Governmental Activities - Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance <u>January 1</u>	<u>Additions</u>	Transfers/ <u>Retirements</u>	Balance <u>December 31</u>
Not Being Depreciated:				
Land	\$ 730,218	\$ -	\$ -	\$ 730,218
Construction in Progress	<u>1,413,918</u>	<u>1,611,807</u>	<u>(215,295)</u>	<u>2,810,430</u>
Subtotal	<u>2,144,136</u>	<u>1,611,807</u>	<u>(215,295)</u>	<u>3,540,648</u>
Other Capital Assets:				
Buildings	11,161,006	-	11,118	11,172,124
Infrastructure and Improvements	15,938,216	-	189,507	16,127,723
Machinery and Equipment	<u>4,520,642</u>	<u>276,945</u>	<u>(121,287)</u>	<u>4,676,300</u>
Subtotal	<u>31,619,864</u>	<u>276,945</u>	<u>79,338</u>	<u>31,976,147</u>
Less: Accumulated Depreciation				
Buildings	4,931,298	358,705	(1,600)	5,288,403
Infrastructure and Improvements	8,710,337	395,156	-	9,105,493
Machinery and Equipment	<u>3,220,579</u>	<u>214,931</u>	<u>(134,357)</u>	<u>3,301,153</u>
Subtotal	<u>16,862,214</u>	<u>968,792</u>	<u>(135,957)</u>	<u>17,695,049</u>
Net Other Capital Assets	<u>14,757,650</u>	<u>(691,847)</u>	<u>215,295</u>	<u>14,281,098</u>
Net Capital Assets	<u>\$ 16,901,786</u>	<u>\$ 919,960</u>	<u>\$ -</u>	<u>\$ 17,821,746</u>

Business-Type Activities - The following is a summary of business-type activities capital assets at December 31, 2024:

	Balance <u>January 1</u>	<u>Additions</u>	Transfers/ <u>Retirements</u>	Balance <u>December 31</u>
Not Being Depreciated:				
Land	\$ <u>215,355</u>	\$ -	\$ -	\$ <u>215,355</u>
Subtotal	<u>215,355</u>	<u>-</u>	<u>-</u>	<u>215,355</u>
Other Capital Assets:				
Buildings	7,733,924	14,467	-	7,748,391
Infrastructure and Improvements	11,875,491	334,984	-	12,210,475
Machinery and Equipment	<u>6,543,277</u>	<u>84,679</u>	<u>-</u>	<u>6,627,956</u>
Subtotal	<u>26,152,692</u>	<u>434,130</u>	<u>-</u>	<u>26,586,822</u>
Less: Accumulated Depreciation				
Buildings	5,232,610	76,234	-	5,308,844
Infrastructure and Improvements	5,757,958	330,053	-	6,088,011
Machinery and Equipment	<u>6,122,574</u>	<u>86,416</u>	<u>-</u>	<u>6,208,990</u>
Subtotal	<u>17,113,142</u>	<u>492,703</u>	<u>-</u>	<u>17,605,845</u>
Net Other Capital Assets	<u>9,039,550</u>	<u>(58,573)</u>	<u>-</u>	<u>8,980,977</u>
Net Capital Assets	<u>\$ 9,254,905</u>	<u>\$ (58,573)</u>	<u>\$ -</u>	<u>\$ 9,196,332</u>

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS (Cont.)

Component Unit Fixed Assets - The following is a summary of component unit type capital assets at December 31, 2024:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance</u> <u>December 31</u>
Not Being Depreciated:				
Land	\$ <u>189,913</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>189,913</u>
Subtotal	<u>189,913</u>	<u>-</u>	<u>-</u>	<u>189,913</u>
Net Capital Assets	\$ <u><u>189,913</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>189,913</u></u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:

General Government	\$	25,063
Public Safety		98,240
Public Works		398,039
Culture and Recreation		186,001
Miscellaneous		<u>261,449</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>968,792</u></u>

Business-Type Activities:

Water Fund	\$	64,125
Sewer Fund		122,166
Electric Fund		208,735
Community Ambulance Fund		18,387
Rental Housing		63,836
Storm Sewer Utility		<u>15,454</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>492,703</u></u>

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

9. FUND BALANCE

A. Classifications

	General Fund	Medical Center	Library Board Fund	FEMA Safe Room Project	Nonmajor Governmental Funds	Total
Nonspendable:						
Interfund Receivable	\$ 455,155	\$ -	\$ -	\$ -	\$ 485,007	\$ 940,162
Inventory	7,060	-	-	-	-	7,060
Prepaid Expenses	<u>68,857</u>	<u>23,020</u>	<u>-</u>	<u>-</u>	<u>14,047</u>	<u>105,924</u>
Total Nonspendable	<u>531,072</u>	<u>23,020</u>	<u>-</u>	<u>-</u>	<u>499,054</u>	<u>1,053,146</u>
Restricted for:						
Debt Service	-	-	-	-	790,004	790,004
Economic Development	-	-	-	-	109,677	109,677
Capital Improvements	-	-	-	-	48,574	48,574
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948,255</u>	<u>948,255</u>
Committed to:						
Capital Projects	-	-	-	-	186,521	186,521
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,521</u>	<u>186,521</u>
Assigned to:						
Medical Center	-	1,105,009	-	-	-	1,105,009
Community Center	-	-	-	-	257,163	257,163
Library	-	-	828,466	-	-	828,466
Dare Program	<u>8,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,080</u>
Total Assigned	<u>8,080</u>	<u>1,105,009</u>	<u>828,466</u>	<u>-</u>	<u>257,163</u>	<u>2,198,718</u>
Unassigned	<u>852,187</u>	<u>-</u>	<u>-</u>	<u>(466,804)</u>	<u>-</u>	<u>385,383</u>
Total	<u>\$ 1,391,339</u>	<u>\$ 1,128,029</u>	<u>\$ 828,466</u>	<u>\$ (466,804)</u>	<u>\$ 1,890,993</u>	<u>\$ 4,772,023</u>

B. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year - June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 35-50% of the subsequent year's budgeted expenditures. At December 31, 2024, the unassigned fund balance of the General Fund was 35.5 percent of the subsequent year's budgeted expenditures

10. LEASE RECEIVABLE

The following is a summary of lease receivable transactions of the City for the year ended December 31, 2024.

Describe	Date	Payment Terms	Payment Amount	Interest Rate	Original Lease Receivable	Current Year Additional Inflows	Balance December 31
Foodshelf	3/1/21	9 years	\$ 630	2.00 %	\$ 56,968	\$ 36,252	\$ 37,051
Coop Creamery	11/18/20	15 years	\$ 9,500	2.00 %	\$ 117,310	92,172	88,225
Airport Land	3/1/21	3 years	\$ 33,210	2.00 %	\$ 166,952	125,214	109,649
Total Lease Receivable Agreements						<u>\$ 253,638</u>	<u>\$ 234,925</u>

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

10. LEASE RECEIVABLE (Cont.)

A portion of the Springfield Medical Center building has been leased to the Foodshelf and a business for office space. The leases have various lease terms and monthly required lease payments. The interest rate on the lease is 2.0%.

The Springfield Coop Creamery building has been leased. The lease can be renewed for an additional term, but the City does not anticipate the lease will be renewed for an additional term. The interest rate on the lease was 2.0%.

The Airport Fund has leased land to an individual for a term of three years at a fixed interest rate of 2.0%. The City does not expect this lease to be renewed.

The annual requirements to amortize lease receivable and related interest are as follows:

<u>Lease Receivable</u>			
<u>Governmental Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 68,530	\$ 5,827	\$ 74,357
2026	70,442	3,915	74,357
2027	15,105	1,949	17,054
2028	15,409	1,336	16,745
2029	9,692	1,067	10,759
2030-2034	44,778	2,722	47,500
2035-2039	<u>10,969</u>	<u>902</u>	<u>11,871</u>
Total	<u>\$ 234,925</u>	<u>\$ 17,718</u>	<u>\$ 252,643</u>

11. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2024.

	<u>Balance</u>		<u>Debt</u>	<u>Balance</u>	<u>Current</u>
	<u>January 1</u>	<u>Debt Issued</u>	<u>Retired</u>	<u>December 31</u>	<u>Amount</u>
G.O Bonds	\$ 160,000	\$ -	\$ 20,000	\$ 140,000	\$ 20,000
G.O. Improvement Bonds	3,516,215	-	329,036	3,187,179	335,503
G.O. Tax Abatement Bonds	102,443	-	7,693	94,750	7,848
G.O. Revenue Bonds	1,678,784	-	120,964	1,557,820	124,498
G.O. Revenue Notes	1,300,000	-	100,000	1,200,000	100,000
Note Payable	<u>808,564</u>	<u>-</u>	<u>87,782</u>	<u>720,782</u>	<u>87,781</u>
Totals	<u>\$ 7,566,006</u>	<u>\$ -</u>	<u>\$ 665,475</u>	<u>\$ 6,900,531</u>	<u>\$ 675,630</u>

General Obligation Bonds, General Obligation Improvement Bonds, and General Obligation Tax Abatement Bonds for governmental activities are expected to be liquidated with the related debt service funds. General Obligation Revenue Bonds, General Obligation Revenue Notes, and Notes Payable issued by the business-type activities are expected to be liquidated by the related enterprise funds.

Bonds outstanding at December 31, 2024 are comprised of the following issues:

Governmental Activities

\$200,000 G.O. Bonds of 2021B, due in annual installments of \$20,000 through December 15, 2030, plus interest from 1.1-3.0% due in semi-annual installments.

\$ 140,000

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

11. CHANGES IN LONG-TERM DEBT (Cont.)

\$1,295,000 G.O. Improvement Bonds of 2010A, due in annual installments of \$75,000 to \$105,000 through December 1, 2026, plus interest from 2.0-3.5% due in semi-annual installments.	205,000
\$1,343,650 G.O. Improvement Bonds of 2018A, due in annual installments of \$70,000 to \$145,000 through December 15, 2033, plus interest from 3.00 - 3.25%. due in semi-annual installments.	723,030
\$2,626,219 G.O. Improvement Bonds of 2021B, due in annual installments of \$95,000 to \$310,000 through December 15, 2036, plus interest from 1.1 - 3.0% due in semi-annual installments.	2,259,149
\$111,425 G.O. Tax Abatement Bonds of 2021A, due in annual installments of \$3,785 to \$4,710 through August 15, 2035, plus interest at 2.0% due in semi-annual installments.	<u>94,750</u>
Total Governmental Activities	<u>3,421,929</u>
<u>Business-Type Activities</u>	
\$4,135,000 G.O. Bonds of 2021B, due in annual installments of \$95,000 to 310,000 through December 15, 2036, plus interest at 1.1 - 3.0%; due in semi-annual installments.	1,125,851
\$540,950 G.O. Improvement Bonds of 2018A, due in annual installments of \$70,000 to \$145,000 through December 15, 2033, plus interest at 3.00 - 3.25%; due in semi-annual installments.	431,970
\$1,360,000 Essential Function Housing Development Revenue Refunding Bond of 2017A, due in annual installments of \$20,000 to \$100,000 through July 1, 2034, plus interest at 3.15% due in semi-annual installments.	840,000
\$465,000 Housing Development Revenue Refunding Bonds of 2019A, due in annual installments of \$20,000 to \$30,000 through July 1, 2039, plus interest at 2.20 - 3.05% due in semi-annual installments.	360,000
\$500,000 Rural Development Economic Development Loan, due in monthly installments of \$4,202 including interest at 0.0% through September 15, 2032. This loan was issued for financing a local business economic development project and will be repaid by the repayment of the loan receivable.	390,756
\$370,500 Rural Development Economic Development Loan, due in monthly installments of \$3,113 including interest at 1.0% through October 9, 2033. This loan was issued for financing a local business economic development project and will be repaid by the repayment of the loan receivable.	<u>330,025</u>
Total Business-Type Activities	<u>3,478,602</u>
Total Long-Term Debt	<u>\$ 6,900,531</u>

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

11. CHANGES IN LONG-TERM DEBT (Cont.)

The annual requirements to maturity for long-term liabilities are as follows:

	G. O. Tax Abatement Bonds			G.O. Improvement Bonds		
	<u>Governmental Activities</u>			<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,848	\$ 1,856	\$ 9,704	\$ 335,503	\$ 76,546	\$ 412,049
2026	8,006	1,698	9,704	347,177	65,981	413,158
2027	8,167	1,537	9,704	248,644	55,040	303,684
2028	8,331	1,373	9,704	258,448	47,582	306,030
2029	8,498	1,206	9,704	268,252	39,828	308,080
2030-2034	45,123	3,397	48,520	1,118,484	98,229	1,216,713
2035-2039	<u>8,777</u>	<u>137</u>	<u>8,914</u>	<u>610,671</u>	<u>23,559</u>	<u>634,230</u>
Total	\$ <u>94,750</u>	\$ <u>11,204</u>	\$ <u>105,954</u>	\$ <u>3,187,179</u>	\$ <u>406,765</u>	\$ <u>3,593,944</u>

	G.O. Improvement Bonds			G.O. Bonds		
	<u>Business-Type Activities</u>			<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 124,497	\$ 36,775	\$ 161,272	\$ 20,000	\$ 3,630	\$ 23,630
2026	127,822	33,040	160,862	20,000	3,030	23,030
2027	131,356	29,205	160,561	20,000	2,430	22,430
2028	136,552	25,264	161,816	25,000	1,830	26,830
2029	141,748	21,169	162,917	25,000	1,080	26,080
2030-2034	691,297	57,321	748,618	30,000	330	30,330
2035-2039	<u>204,548</u>	<u>6,154</u>	<u>210,702</u>	-	-	-
Total	\$ <u>1,557,820</u>	\$ <u>208,928</u>	\$ <u>1,766,748</u>	\$ <u>140,000</u>	\$ <u>12,330</u>	\$ <u>152,330</u>

	G.O. Revenue Bond			Note Payable		
	<u>Business-Type Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 100,000	\$ 36,548	\$ 136,548	\$ 87,781	-	\$ 87,781
2026	110,000	33,588	143,588	87,782	-	87,782
2027	105,000	30,361	135,361	87,781	-	87,781
2028	110,000	27,243	137,243	87,781	-	87,781
2029	110,000	23,968	133,968	87,781	-	87,781
2030-2034	525,000	67,023	592,023	281,876	-	281,876
2035-2039	<u>140,000</u>	<u>12,964</u>	<u>152,964</u>	-	-	-
Total	\$ <u>1,200,000</u>	\$ <u>231,695</u>	\$ <u>1,431,695</u>	\$ <u>720,782</u>	\$ -	\$ <u>720,782</u>

12. INVESTMENT IN JOINT VENTURE

The City and the Independent School District No. 85 (the District) have entered into a joint powers agreement for the operation of the Springfield Area Recreation Complex. The costs of the operation of the complex are split 50/50. This activity is account for in the City's Recreation Complex special revenue fund. The City's portion of expenditures for 2024 was \$29,295.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description

The City of Springfield, Minnesota participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353, 353D, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

**1. General Employees Retirement Plan (General Plan)**

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

**2. Public Employees Police and Fire Plan (Police and Fire Fund (accounted for in the Police and Fire Fund))**

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching and eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

B. Benefits Provided (Cont.)

**1. General Employees Plan Benefits**

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first ten years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for year month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a reduced prorated increase.

**2. Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are fifty percent vested after 5 years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equal 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

*Minnesota Statutes* Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by that state Legislature.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

C. Contributions (Cont.)

**1. General Employees Fund Contributions**

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City of Springfield, Minnesota was required to contribute 7.50% for Coordinated Plan members. The City of Springfield, Minnesota contributions to the General Employees Fund for the year ended December 31, 2024, were \$99,143. The City of Springfield, Minnesota contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City of Springfield, Minnesota was required to contribute 17.70% for Police and Fire Plan members. The City of Springfield, Minnesota contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$65,151. The City of Springfield, Minnesota contributions were equal to the required contributions as set by state statute.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

D. Pension Costs

**1. General Employees Fund Pension Costs**

At December 31, 2024, the City of Springfield, Minnesota reported a liability of \$543,263 for its proportionate share of the General Employees Fund's net pension liability. The City of Springfield, Minnesota's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield, Minnesota totaled \$14,048.

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Springfield, Minnesota's proportion share of the net pension liability was based on the City of Springfield, Minnesota's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City of Springfield, Minnesota proportionate share was 0.0147% at the end of the measurement period and 0.0144% for the beginning of the period.

City of Springfield proportionate share of the net pension liability	\$ 543,263
State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield	<u>14,048</u>
Total	<u>\$ 557,311</u>

For the year ended December 31, 2024, the City of Springfield, Minnesota recognized pension expense of \$31,898 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Springfield, Minnesota recognized an additional \$270 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employee Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City of Springfield, Minnesota recognized \$25,215 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

D. Pension Costs (Cont.)

At December 31, 2024, the City of Springfield, Minnesota reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 50,984	\$ -
Changes in actuarial assumptions	2,798	202,602
Net collective difference between projected and actual investment earnings	-	150,249
Changes in proportion	15,574	43,560
Contributions paid to PERA subsequent to the measurement date	<u>43,329</u>	<u>-</u>
Total	<u>\$ 112,685</u>	<u>\$ 396,411</u>

The \$43,180 reported as deferred outflows of resources related to pensions resulting from City of Springfield, Minnesota contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (183,622)
2026	\$ (39,714)
2027	\$ (62,081)
2028	\$ (41,638)
2029	\$ -
Thereafter	\$ -

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

D. Pension Costs (Cont.)

**2. Police and Fire Fund Pension Costs**

At December 31, 2024, the City of Springfield, Minnesota reported a liability of \$299,864 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Springfield, Minnesota proportion of the net pension liability was based on the City of Springfield, Minnesota contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City of Springfield, Minnesota proportionate share was 0.0228% at the end of the measurement period and 0.0264% for the beginning of the period.

The State of Minnesota also contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contributions of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield, Minnesota totaled \$11,431.

City of Springfield proportionate share of the net pension liability	\$ 299,864
State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield	11,431
Total	<u>\$ 311,295</u>

For the year ended December 31, 2024 the City of Springfield, Minnesota recognized pension expense of \$26,733 for its proportionate share of the Police and Fire Fund's pension expense. The City of Springfield, Minnesota recognized \$1,110 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contribution entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City of Springfield, Minnesota recognized \$(2,787) for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

D. Pension Costs (Cont.)

At December 31, 2024, the City of Springfield, Minnesota reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual economic experience	\$ 128,058	\$ -
Changes in actuarial assumptions	361,180	511,538
Net collective difference between projected and actual investment earnings	-	97,243
Changes in proportion	47,173	60,917
Contributions paid to PERA subsequent to the measurement date	<u>37,162</u>	<u>-</u>
Total	<u>\$ 573,573</u>	<u>\$ 669,698</u>

The \$37,162 reported as deferred outflows of resources related to pensions resulting from City of Springfield, Minnesota contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (21,264)
2026	\$ 78,812
2027	\$ (54,452)
2028	\$ (132,911)
2029	\$ (3,472)
Thereafter	\$ -

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	<u>25.0%</u>	5.90%
Total	100%	

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by the actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% was deemed to be within that range.

- Inflation is assumed to be 2.25% for the General Employee Plan, Police and Fire Plan and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

E. Actuarial Assumptions (Cont.)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

**General Employees Fund**

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changed in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors undated to reflect the changes in assumptions.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

E. Actuarial Assumptions (Cont.)

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The addition \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. 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.

H. Pension Liability Sensitivity

The following presents the City of Springfield, Minnesota proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City of Springfield, Minnesota proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
General Employees Fund:	\$ 1,186,574	\$ 543,263	\$ 14,081
	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
Police and Fire Fund	\$ 708,637	\$ 299,864	\$ (35,824)

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

14. DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

A. Plan Description

All active or probationary members of the Fire Department are covered by a Defined Benefit Plan (the Plan) administered by the Springfield Fire Relief Association (the Association). The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statute 1980). Funds are also derived from investment income.

If a member is terminated prior to age 50 with at least 5 years of service, a deferred lump sum pension payable will be established based on the lump sum pension formula and service at date of termination, reduced for less than 20 years of service. For members that terminate with at least 5 years of service, the Association will pay interest on the deferred service pensions during the period of deferral at the rate established by the Board of Trustees based on date of termination. If a member dies before payment, the benefit will be paid to the participant's beneficiary.

The disability lump sum pension is payable immediately based on the lump sum pension formula and service at date of disability based on vesting percentage.

A survivor benefit is based on years of service (not less than 5 years) times the lump sum rate in effect at the time of death times the vesting percentage payable to named beneficiary.

B. Benefits Provided

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City of Springfield, Minnesota. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

C. Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City of Springfield, Minnesota contributions. The State of Minnesota contributed \$30,515 in fire state aid to the fund for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. The City of Springfield, Minnesota statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2024, were \$6,183. The City of Springfield, Minnesota contributions were equal to the required contributions as set by state statute,

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

14. DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (Cont.)

D. Pension Costs

At December 31, 2024, the City of Springfield, Minnesota reported a net pension liability (asset) of \$(24,051) for the Volunteer Firefighter Fund. The net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension Liability <u>(Asset)</u>
Beginning Balance December 31, 2022	\$ 524,276	\$ 459,915	\$ 64,361
Changes for the Year			
Service Cost	21,408	-	21,408
TPL Interest	28,648	-	28,648
Assumption Changes	(17,052)	-	(17,052)
Projected Investment Earnings	-	24,912	(24,912)
Municipal Contribution	-	6,183	(6,183)
Nonemployer Contributions	-	30,515	(30,515)
Gain or Loss	(29,569)	37,737	(67,306)
Administrative Fee	-	(7,500)	7,500
Net Changes	<u>3,435</u>	<u>91,847</u>	<u>(88,412)</u>
Balance End of Year December 31, 2023	<u>\$ 527,711</u>	<u>\$ 551,762</u>	<u>\$ (24,051)</u>

During the measurement period, the Association did not have any assumption or plan provision changes.

For the year ended December 31, 2024 the City of Springfield, Minnesota recognized pension expense of \$(13,813).

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

14. DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (Cont.)

D. Pension Costs (Cont.)

At December 31, 2024 the City of Springfield, Minnesota reported deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 4,349	\$ 15,501
Difference between projected and actual economic experience	-	37,369
Net collective difference between projected and actual investment earnings	29,702	-
Contributions paid to Plan subsequent to the measurement date	<u>37,601</u>	<u>-</u>
Total	<u>\$ 71,652</u>	<u>\$ 52,870</u>

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2022	\$ 2,165
2026	\$ 7,410
2027	\$ 11,730
2028	\$ (12,861)
2029	\$ (5,315)
Thereafter	\$ (21,948)

E. Actuarial Assumptions

The total pension liability in the December 31, 2024, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- The discount rate was changed from 5.25% to 6.5%

F. Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The liability discount rate was developed by using the alternative method described in paragraph 43 of GASB 67, which states that "if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied to make the evaluation." The actuary believes that the plan's current overfunded status, combined with statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, they have used the plan's long-term expected return as the liability discount rate.

G. Pension Liability Sensitivity

The following presents the City of Springfield, Minnesota net pension liability for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City of Springfield, Minnesota net pension liability would be if it were calculated using a discount rate one percent lower or one percent high than the current discount rate:

	<u>1% Decrease in Discount Rate (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase in Discount Rate (7.5%)</u>
Net Pension Liability (Asset)	\$ (10,464)	\$ (24,051)	\$ (37,160)

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

14. DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (Cont.)

H. Plan Investments Policy

The long-term expected rate of return on pension plan investments is 6.5%. The actuary used a building block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighing the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (3.0%). All results are then rounded to the nearest quarter percentage point.

I. Asset Allocation

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	12%	1.8%
Fixed Income	27%	3.0%
Equities	61%	7.1%
Real Estate	0%	7.0%

J. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to Springfield Fire Relief Association, Springfield MN 56087.

15. OTHER POST EMPLOYMENT BENEFITS

Any contingent liability for other post employment benefits is considered immaterial and not recognized in the financial statements.

16. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year 2024.

17. COMMITMENTS AND CONTINGENCIES

A. Risk Management

The city is exposed to various risk of loss related to torts, thefts of, damage to or destruction of assets, business interruption, errors and omissions, employee injuries and illness, and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

17. COMMITMENTS AND CONTINGENCIES (Cont.)

B. Claims and Judgments

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Commitments

CapX Initiative - CMMPA entered into a Transmissions Project Memorandum of Understanding dated August 24, 2006, along with five other energy companies to construct power transmission lines in Minnesota, the largest portion of which consists of 220 miles of new power transmission lines between Brookings, South Dakota, and the Twin Cities. The CapX Initiative is one of several transmission projects arising from the CapX 2020 Initiative, the purpose of which is to enhance the reliability of electrical power transmission for customers in Minnesota and the surrounding region. The CapX project's last main phase was energized on April 16, 2016.

The City is one of the nine agency participants in the CapX Initiative. The City's participant election share is not to exceed \$1,387,834 for a participant election of 3.61 percent.

18. TAX ABATEMENTS

As of December 31, 2024, the City has four agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement in 2015 with a developer. The developer incurred costs for the construction of a storm water management pond. In return, the City will reimburse the business for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has an annual cap of \$5,000 and a maximum return to the developer of \$50,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statutes Sections 469.1812-1812.1815) and has a maximum duration dated to 2024.

The following is a calculation of taxes abated during the year:

	<u>Tax Abatement Agreements</u>	Amount of Taxes Abated <u>During the Year</u>
MAT Industries		\$ 18,000
Levy Abatement		689
Levy Abatement		742
Schwartz Farms, Inc		4,950
		<u>\$ 24,381</u>

19. SUBSEQUENT EVENTS

Management evaluated all activity of City of Springfield through June 18, 2025 (the issue date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SPRINGFIELD, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 With Comparative Amounts for the year ended December 31, 2023

			<u>2024</u>		<u>2023</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Actual</u>	
REVENUES:						
TAXES:						
General Property Taxes	\$ 1,133,468	\$ 1,133,468	\$ 1,129,168	\$ (4,300)	\$ 988,988	
Tax Increments	-	-	-	-	149	
Special Assessments	-	-	2,140	2,140	434	
Lodging Tax	<u>700</u>	<u>700</u>	<u>820</u>	<u>120</u>	<u>787</u>	
Total Taxes	<u>1,134,168</u>	<u>1,134,168</u>	<u>1,132,128</u>	<u>(2,040)</u>	<u>990,358</u>	
LICENSES AND PERMITS:						
Business	<u>13,620</u>	<u>13,620</u>	<u>14,827</u>	<u>1,207</u>	<u>13,375</u>	
INTERGOVERNMENTAL REVENUE:						
FEMA Grants	-	-	15,684	15,684	-	
Other Federal Grants	2,000	2,000	1,773	(227)	1,752	
Local Government Aid	1,019,091	1,019,091	1,019,091	-	955,091	
Market Value Credit	-	-	555	555	1,086	
State Police Aid	22,200	22,200	37,835	15,635	48,095	
State Fire Aid	30,500	30,500	42,183	11,683	31,515	
Other State Grants	<u>37,245</u>	<u>37,245</u>	<u>160,153</u>	<u>122,908</u>	<u>34,461</u>	
Total Intergovernmental Revenue	<u>1,111,036</u>	<u>1,111,036</u>	<u>1,277,274</u>	<u>166,238</u>	<u>1,072,000</u>	
CHARGES FOR SERVICES:						
General Government	187,547	187,547	190,263	2,716	172,278	
Public Safety	46,090	46,090	42,030	(4,060)	48,247	
Streets and Highways	11,000	11,000	8,815	(2,185)	12,741	
Culture and Recreation	38,200	38,200	27,747	(10,453)	38,182	
Airport	<u>64,944</u>	<u>64,944</u>	<u>62,985</u>	<u>(1,959)</u>	<u>37,992</u>	
Total Charges for Services	<u>347,781</u>	<u>347,781</u>	<u>331,840</u>	<u>(15,941)</u>	<u>309,440</u>	
FINES AND FORFEITS	<u>1,500</u>	<u>1,500</u>	<u>3,278</u>	<u>1,778</u>	<u>1,533</u>	
INTEREST INCOME	<u>10,000</u>	<u>10,000</u>	<u>16,189</u>	<u>6,189</u>	<u>17,260</u>	
MISCELLANEOUS:						
Rental Income	-	-	1,500	1,500	4,221	
Refunds and Reimbursements	-	-	58,672	58,672	13,057	
Contributions and Donations	12,125	12,125	29,968	17,843	25,333	
Miscellaneous Income	<u>600</u>	<u>600</u>	<u>3,053</u>	<u>2,453</u>	<u>2,039</u>	
Total Miscellaneous	<u>12,725</u>	<u>12,725</u>	<u>93,193</u>	<u>80,468</u>	<u>44,650</u>	
TOTAL REVENUES	<u>2,630,830</u>	<u>2,630,830</u>	<u>2,868,729</u>	<u>237,899</u>	<u>2,448,616</u>	
OTHER FINANCING SOURCES						
Transfer In	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,670,830</u>	<u>2,670,830</u>	<u>2,908,729</u>	<u>237,899</u>	<u>2,488,616</u>	
EXPENDITURES:						
GENERAL GOVERNMENT:						
Mayor and Council:						
Personnel Services	20,014	20,014	19,146	868	19,051	
Other Current Expenditures	<u>46,088</u>	<u>46,088</u>	<u>35,675</u>	<u>10,413</u>	<u>34,877</u>	
Total Mayor and Council	<u>66,102</u>	<u>66,102</u>	<u>54,821</u>	<u>11,281</u>	<u>53,928</u>	

CITY OF SPRINGFIELD, MINNESOTA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2024

With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>			Variance with Final	<u>2023</u>	
	Original Budget	Final Budget	Actual	Budget	Actual	
EXPENDITURES (Cont.):						
GENERAL GOVERNMENT (Cont.):						
Election:						
Personnel Services	\$ 9,775	\$ 9,775	\$ 11,654	\$ (1,879)	\$ -	
Other Current Expenditures	<u>1,150</u>	<u>1,150</u>	<u>1,265</u>	<u>(115)</u>	<u>-</u>	
Total Election	<u>10,925</u>	<u>10,925</u>	<u>12,919</u>	<u>(1,994)</u>	<u>-</u>	
Administrative and Finance:						
Personnel Services	461,032	461,032	466,271	(5,239)	359,038	
Supplies	7,500	7,500	6,059	1,441	5,324	
Other Current Expenditures	<u>26,162</u>	<u>26,162</u>	<u>22,442</u>	<u>3,720</u>	<u>32,941</u>	
Total Administrative and Finance	<u>494,694</u>	<u>494,694</u>	<u>494,772</u>	<u>(78)</u>	<u>397,303</u>	
Deputy Registrar of Motor Vehicles:						
Current Expenditures	<u>80,579</u>	<u>80,579</u>	<u>62,566</u>	<u>18,013</u>	<u>77,612</u>	
Total Deputy Registrar of Motor Vehicles	<u>80,579</u>	<u>80,579</u>	<u>62,566</u>	<u>18,013</u>	<u>77,612</u>	
Treasurer:						
Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	
Total Treasurer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	
Planning and Zoning:						
Current Expenditures	<u>60</u>	<u>60</u>	<u>96</u>	<u>(36)</u>	<u>120</u>	
Total Planning and Zoning	<u>60</u>	<u>60</u>	<u>96</u>	<u>(36)</u>	<u>120</u>	
Assessor Fees:						
Current Expenditures	<u>21,030</u>	<u>21,030</u>	<u>21,030</u>	<u>-</u>	<u>20,823</u>	
Independent Auditing:						
Current Expenditures	<u>20,000</u>	<u>20,000</u>	<u>18,217</u>	<u>1,783</u>	<u>17,132</u>	
Legal:						
Current Expenditures	<u>37,220</u>	<u>37,220</u>	<u>36,759</u>	<u>461</u>	<u>36,294</u>	
Total Legal	<u>37,220</u>	<u>37,220</u>	<u>36,759</u>	<u>461</u>	<u>36,294</u>	
Total General Government	<u>730,610</u>	<u>730,610</u>	<u>701,180</u>	<u>29,430</u>	<u>605,212</u>	
PUBLIC SAFETY:						
Police Protection:						
Personnel Services	476,692	476,692	510,002	(33,310)	487,552	
Supplies	23,500	23,500	20,615	2,885	26,902	
Other Current Expenditures	<u>57,493</u>	<u>57,493</u>	<u>74,744</u>	<u>(17,251)</u>	<u>72,491</u>	
Total Police Protection	<u>557,685</u>	<u>557,685</u>	<u>605,361</u>	<u>(47,676)</u>	<u>586,945</u>	
Civil Defense:						
Current Expenditures	<u>5,353</u>	<u>5,353</u>	<u>2,890</u>	<u>2,463</u>	<u>11,442</u>	
Fire Protection:						
Personnel Services	67,940	67,940	71,954	(4,014)	62,787	
Supplies	9,400	9,400	17,358	(7,958)	2,340	
Other Current Expenditures	30,141	30,141	26,005	4,136	36,378	
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,581</u>	
Total Fire Protection	<u>107,481</u>	<u>107,481</u>	<u>115,317</u>	<u>(7,836)</u>	<u>113,086</u>	

CITY OF SPRINGFIELD, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>			Variance with Final Budget	<u>2023</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
EXPENDITURES (Cont.):					
PUBLIC SAFETY:					
Animal Control:					\$ -
Personnel Services	3,584	3,584	856	2,728	5,157
Supplies	1,000	1,000	101	899	1,000
Other Current Expenditures	<u>2,711</u>	<u>2,711</u>	<u>1,926</u>	<u>785</u>	<u>2,883</u>
Total Animal Control	<u>7,295</u>	<u>7,295</u>	<u>2,883</u>	<u>4,412</u>	<u>9,040</u>
Total Public Safety	<u>677,814</u>	<u>677,814</u>	<u>726,451</u>	<u>(48,637)</u>	<u>720,513</u>
STREETS AND HIGHWAYS:					
Streets and Alleys:					
Personnel Services	137,279	137,279	134,659	2,620	102,782
Supplies	46,400	46,400	30,176	16,224	40,538
Other Current Expenditures	<u>192,594</u>	<u>192,594</u>	<u>182,904</u>	<u>9,690</u>	<u>149,462</u>
Total Streets and Alleys	<u>376,273</u>	<u>376,273</u>	<u>347,739</u>	<u>28,534</u>	<u>292,782</u>
Total Streets and Highways	<u>376,273</u>	<u>376,273</u>	<u>347,739</u>	<u>28,534</u>	<u>292,782</u>
CULTURE AND RECREATION:					
Administration and Boards:					
Personnel Services	153,243	153,243	147,057	6,186	111,865
Supplies	11,500	11,500	21,779	(10,279)	12,794
Other Current Expenditures	30,557	30,557	19,652	10,905	19,500
Capital Outlay	-	-	<u>8,861</u>	<u>(8,861)</u>	<u>3,896</u>
Total Administration and Boards	<u>195,300</u>	<u>195,300</u>	<u>197,349</u>	<u>(2,049)</u>	<u>148,055</u>
Swimming Pool:					
Personnel Services	64,507	64,507	39,573	24,934	51,194
Supplies	15,745	15,745	12,965	2,780	11,365
Other Current Expenditures	<u>38,366</u>	<u>38,366</u>	<u>30,148</u>	<u>8,218</u>	<u>38,428</u>
Total Swimming Pool	<u>118,618</u>	<u>118,618</u>	<u>82,686</u>	<u>35,932</u>	<u>100,987</u>
Library:					
Personnel Services	148,494	148,494	132,321	16,173	140,836
Other Current Expenditures	<u>18,591</u>	<u>18,591</u>	<u>16,734</u>	<u>1,857</u>	<u>24,825</u>
Total Library	<u>167,085</u>	<u>167,085</u>	<u>149,055</u>	<u>18,030</u>	<u>165,661</u>
Camping:					
Supplies	3,000	3,000	1,091	1,909	5,336
Other Current Expenditures	<u>16,438</u>	<u>16,438</u>	<u>11,215</u>	<u>5,223</u>	<u>16,126</u>
Total Camping	<u>19,438</u>	<u>19,438</u>	<u>12,306</u>	<u>7,132</u>	<u>21,462</u>
Total Culture and Recreation	<u>500,441</u>	<u>500,441</u>	<u>441,396</u>	<u>59,045</u>	<u>436,165</u>
ECONOMIC DEVELOPMENT:					
Other Current Expenditures	<u>15,000</u>	<u>15,000</u>	<u>39,381</u>	<u>(24,381)</u>	<u>30,440</u>

CITY OF SPRINGFIELD, MINNESOTA  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 With Comparative Amounts for the year ended December 31, 2023

	<u>2024</u>			Variance with Final Budget	<u>2023</u>
	Original Budget	Final Budget	Actual		Actual
EXPENDITURES (Cont.):					
MISCELLANEOUS:					
Airport					
Personnel Services	\$ 2,309	\$ 2,309	\$ 3,265	\$ (956)	\$ 4,700
Other Current Expenditures	47,499	47,499	49,090	(1,591)	52,825
Current Expenditures	<u>26,839</u>	<u>26,839</u>	<u>34,353</u>	<u>(7,514)</u>	<u>417</u>
Total Miscellaneous	<u>76,647</u>	<u>76,647</u>	<u>86,708</u>	<u>(10,061)</u>	<u>57,942</u>
TOTAL EXPENDITURES	<u>2,376,785</u>	<u>2,376,785</u>	<u>2,342,855</u>	<u>33,930</u>	<u>2,143,054</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>294,045</u>	<u>294,045</u>	<u>565,874</u>	<u>271,829</u>	<u>345,562</u>
OTHER FINANCING USES:					
Transfer Out	<u>(294,045)</u>	<u>(294,045)</u>	<u>(310,425)</u>	<u>(16,380)</u>	<u>(414,928)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	255,449	255,449	(69,366)
FUND BALANCES - January 1	<u>1,135,890</u>	<u>1,135,890</u>	<u>1,135,890</u>	<u>-</u>	<u>1,205,256</u>
FUND BALANCES - December 31	<u>\$ 1,135,890</u>	<u>\$ 1,135,890</u>	<u>\$ 1,391,339</u>	<u>\$ 255,449</u>	<u>\$ 1,135,890</u>

CITY OF SPRINGFIELD, MINNESOTA  
 SCHEDULE OF PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 PERA GENERAL EMPLOYEES RETIREMENT FUND  
 DECEMBER 31, 2024

Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City	Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0147 %	543,263	14,048	557,311	1,243,720	44.81 %	89.10 %
June 30, 2023	0.0144 %	805,232	22,202	827,434	1,144,813	72.28 %	83.10 %
June 30, 2022	0.0155 %	1,227,605	36,093	1,263,698	1,164,165	108.55 %	76.67 %
June 30, 2021	0.0152 %	649,108	19,741	668,849	1,133,508	57.26 %	87.00 %
June 30, 2020	0.0152 %	911,309	27,978	939,287	1,004,586	90.71 %	79.00 %
June 30, 2019	0.0143 %	790,615	24,499	815,114	1,045,350	75.63 %	80.20 %
June 30, 2018	0.0148 %	821,043	26,957	848,000	996,465	82.39 %	79.50 %
June 30, 2017	0.0150 %	957,590	12,004	969,594	963,341	99.40 %	75.90 %
June 30, 2016	0.0152 %	1,234,165	16,120	1,250,285	941,747	131.05 %	68.90 %
June 30, 2015	0.0156 %	808,473	-	808,473	914,020	88.45 %	78.19 %

CITY OF SPRINGFIELD, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2024

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2024	\$ 99,143	\$ 99,143	-	\$ 1,321,907	7.50 %
December 31, 2023	\$ 87,150	\$ 87,150	-	\$ 1,162,000	7.50 %
December 31, 2022	\$ 81,761	\$ 81,761	-	\$ 1,090,153	7.50 %
December 31, 2021	\$ 85,823	\$ 85,823	-	\$ 1,144,307	7.50 %
December 31, 2020	\$ 79,873	\$ 79,873	-	\$ 1,064,973	7.50 %
December 31, 2019	\$ 77,428	\$ 77,428	-	\$ 1,032,373	7.50 %
December 31, 2018	\$ 77,671	\$ 77,671	-	\$ 1,035,613	7.50 %
December 31, 2017	\$ 73,516	\$ 73,516	-	\$ 980,213	7.50 %
December 31, 2016	\$ 71,584	\$ 71,584	-	\$ 954,453	7.50 %
December 31, 2015	\$ 71,007	\$ 71,007	-	\$ 946,760	7.50 %

CITY OF SPRINGFIELD, MINNESOTA  
SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND  
DECEMBER 31, 2024

Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0228 %	299,864	315,621	95.01 %	90.20 %
June 30, 2023	0.0264 %	455,894	818,969	55.67 %	86.50 %
June 30, 2022	0.0251 %	1,092,253	719,212	151.87 %	70.53 %
June 30, 2021	0.0247 %	190,658	312,742	60.96 %	93.70 %
June 30, 2020	0.0288 %	379,615	300,545	126.31 %	87.20 %
June 30, 2019	0.0260 %	276,796	286,798	96.51 %	89.30 %
June 30, 2018	0.0273 %	290,990	287,737	101.13 %	88.80 %
June 30, 2017	0.0260 %	351,031	270,710	129.67 %	85.40 %
June 30, 2016	0.0270 %	1,083,557	262,523	412.75 %	63.90 %
June 30, 2015	0.0240 %	272,696	221,969	122.85 %	86.60 %

CITY OF SPRINGFIELD, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND  
DECEMBER 31, 2024

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2024	\$ 65,151	\$ 65,151	-	\$ 368,085	17.70 %
December 31, 2023	\$ 59,008	\$ 59,008	-	\$ 333,379	17.70 %
December 31, 2022	\$ 55,942	\$ 55,942	-	\$ 316,055	17.70 %
December 31, 2021	\$ 49,982	\$ 49,982	-	\$ 282,384	17.70 %
December 31, 2020	\$ 55,394	\$ 55,394	-	\$ 312,960	16.95 %
December 31, 2019	\$ 51,484	\$ 51,484	-	\$ 303,740	16.95 %
December 31, 2018	\$ 46,909	\$ 46,909	-	\$ 289,562	16.20 %
December 31, 2017	\$ 44,960	\$ 44,960	-	\$ 277,531	16.20 %
December 31, 2016	\$ 42,941	\$ 42,941	-	\$ 265,068	16.20 %
December 31, 2015	\$ 38,769	\$ 38,769	-	\$ 239,315	16.20 %

CITY OF SPRINGFIELD, MINNESOTA  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)  
 AND RELATED RATIOS  
 SPRINGFIELD FIRE DEPARTMENT RELIEF ASSOCIATION  
 DECEMBER 31, 2024

Fiscal Year	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 21,408	\$ 20,886	\$ 19,202
Interest Costs	28,648	27,164	24,372
Gain Loss	(29,569)	-	(4,223)
Benefit Payments	-	(40,600)	-
Changes in Assumptions	(17,052)	-	5,980
Change of Benefit Terms	<u>-</u>	<u>-</u>	<u>66,829</u>
Net change in total pension liability	3,435	7,450	112,160
Total Pension Liability - Beginning	<u>524,276</u>	<u>516,826</u>	<u>404,666</u>
Total Pension Liability - Ending (a)	<u>\$ 527,711</u>	<u>\$ 524,276</u>	<u>\$ 516,826</u>
<b>Plan Fiduciary Net Position</b>			
Contributions State and Local	\$ 36,698	\$ 28,747	\$ 27,650
Projected Investment Return	24,912	29,588	29,532
Benefit Payments	-	(40,600)	-
Gain (Loss)	37,737	(122,962)	21,603
Pension Plan Administrative Expense	<u>(7,500)</u>	<u>(8,740)</u>	<u>(9,350)</u>
Net Change in Total Pension Liability	91,847	(113,967)	69,435
Plan Fiduciary Net Position - Beginning	<u>459,915</u>	<u>573,882</u>	<u>504,447</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 551,762</u>	<u>\$ 459,915</u>	<u>\$ 573,882</u>
Net Pension (Asset)/Liability - Ending (a) - (b)	<u>\$ (24,051)</u>	<u>\$ 64,361</u>	<u>\$ (57,056)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.56 %	87.72 %	111.04 %

The Notes to the Financial Statements are an integral part of this statement.

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF SPRINGFIELD, MINNESOTA

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 18,734	\$ 20,049	\$ 19,560	\$ 19,083
24,417	26,761	26,568	24,875
-	(13,599)	5,026	-
(88,800)	(56,512)	(30,000)	-
-	-	-	-
-	-	-	-
(45,649)	(23,301)	21,154	43,958
<u>450,315</u>	<u>473,616</u>	<u>457,488</u>	<u>413,530</u>
<u>\$ 404,666</u>	<u>\$ 450,315</u>	<u>\$ 478,642</u>	<u>\$ 457,488</u>
\$ 31,509	\$ 28,511	\$ 27,927	\$ 27,849
27,788	25,806	28,844	25,177
(88,800)	(56,512)	(30,000)	-
26,225	59,603	(59,363)	31,953
<u>(8,370)</u>	<u>(8,245)</u>	<u>(6,305)</u>	<u>(6,185)</u>
(11,648)	49,163	(38,897)	78,794
<u>516,095</u>	<u>466,932</u>	<u>505,829</u>	<u>427,035</u>
<u>\$ 504,447</u>	<u>\$ 516,095</u>	<u>\$ 466,932</u>	<u>\$ 505,829</u>
<u>\$ (99,781)</u>	<u>\$ (65,780)</u>	<u>\$ 11,710</u>	<u>\$ (48,341)</u>
124.66 %	114.61 %	97.55 %	110.57 %

CITY OF SPRINGFIELD, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS AND NET PENSION LIABILITY (ASSET)  
AS A PERCENT OF PAYROLL  
SPRINGFIELD FIRE DEPARTMENT RELIEF ASSOCIATION  
DECEMBER 31, 2024

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contributions Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
December 31, 2024	\$ 36,698	\$ 36,698	-	N/A	N/A
December 31, 2023	\$ 28,747	\$ 28,747	-	N/A	N/A
December 31, 2022	\$ 27,650	\$ 27,650	-	N/A	N/A
December 31, 2021	\$ 29,267	\$ 31,509	(2,242)	N/A	N/A
December 31, 2020	\$ 28,511	\$ 28,511	-	N/A	N/A
December 31, 2019	\$ 27,927	\$ 27,927	-	N/A	N/A
December 31, 2018	\$ 27,849	\$ 27,849	-	N/A	N/A

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015.  
Information for prior years is not available.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**General Employees Fund**

2024 Changes

*Changes in Actuarial Assumptions*

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

*Change in Plan Provisions*

The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

*Changes in Actuarial Assumptions*

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%

*Change in Plan Provisions*

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

*Change in Actuarial Assumptions*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

*Change in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

2021 Changes

*Change in Actuarial Assumptions*

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

*Changes in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2020 Changes

*Change in Actuarial Assumptions*

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

*Change in Plan Provisions*

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

*Change in Actuarial Assumptions*

- The mortality projection scale was changed from MP-2017 to MP-2018

*Changes in Plan Provisions*

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2018 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2015 to MP-2017
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

*Changes in Plan Provisions*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and no more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

*Changes in Actuarial Assumptions*

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increase, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**Police and Fire Fund**

2024 Changes

*Changes in Plan Provisions*

The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of asset basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.

The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

*Changes in Actuarial Assumptions*

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

*Changes in Plan Provisions*

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

*Changes in Actuarial Assumptions*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

*Changes in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

2021 Changes

*Changes in Actuarial Assumptions*

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from selected and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2020 Changes

*Changes in Actuarial Assumptions*

- The mortality projection scale was changed from MP-2018 to MP-2019.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2019 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2017 to MP-2018

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2018 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP2016 to MP-2017

*Changes in Plan Provisions*

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

*Changes in Actuarial Assumptions*

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.

CITY OF SPRINGFIELD, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

SECTION III

SUPPLEMENTAL SECTION

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2024

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
<b>ASSETS:</b>				
Cash and Investments	\$ 315,908	\$ 769,202	\$ 183,215	\$ 1,268,325
Accounts Receivable	8,986	5,883	-	14,869
Special Assessments Receivable	-	759,425	341,430	1,100,855
Interest Receivable	8,558	4,236	1,098	13,892
Notes Receivable	64,184	85,241	-	149,425
Due from Other Funds	77,269	-	428,881	506,150
Due from Other Governments	21,282	15,763	2,208	39,253
Lease Receivable	-	88,225	-	88,225
Prepaid Expense	14,047	-	-	14,047
<b>TOTAL ASSETS</b>	<b>\$ 510,234</b>	<b>\$ 1,727,975</b>	<b>\$ 956,832</b>	<b>\$ 3,195,041</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 9,691	\$ -	\$ -	\$ 9,691
Accrued Payroll	2,876	-	-	2,876
Due to Other Funds	1,480	86,374	-	87,854
Unearned Revenue	10,600	-	-	10,600
Total Liabilities	24,647	86,374	-	111,021
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue	-	759,425	341,430	1,100,855
Related to Leases	-	92,172	-	92,172
Total Deferred Inflows of Resources	-	851,597	341,430	1,193,027
<b>FUND BALANCES:</b>				
Nonspendable	70,173	-	428,881	499,054
Restricted	158,251	790,004	-	948,255
Committed	-	-	186,521	186,521
Assigned	257,163	-	-	257,163
Total Fund Balances	485,587	790,004	615,402	1,890,993
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 510,234</b>	<b>\$ 1,727,975</b>	<b>\$ 956,832</b>	<b>\$ 3,195,041</b>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
<b>REVENUES</b>				
Taxes	\$ 36,219	\$ 415,652	\$ 51,763	\$ 503,634
Intergovernmental Revenue	354,461	-	-	354,461
Charges for Services	102,207	8,379	-	110,586
Interest Income	15,671	39,120	19,780	74,571
Miscellaneous	<u>62,504</u>	<u>1,889</u>	<u>27,556</u>	<u>91,949</u>
Total Revenues	<u>571,062</u>	<u>465,040</u>	<u>99,099</u>	<u>1,135,201</u>
<b>EXPENDITURES</b>				
General Government	335,756	-	-	335,756
Culture and Recreation	255,787	-	-	255,787
Economic Development	-	16,731	-	16,731
Miscellaneous	-	-	15,896	15,896
Principal Payments	-	356,729	-	356,729
Interest Payments	-	92,858	-	92,858
Miscellaneous	-	1,485	-	1,485
Capital Outlay	-	-	397,754	397,754
Total Expenditures	<u>591,543</u>	<u>467,803</u>	<u>413,650</u>	<u>1,472,996</u>
<b>EXCESS EXPENDITURES OVER REVENUES</b>	(20,481)	(2,763)	(314,551)	(337,795)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	105,355	92,809	184,500	382,664
Transfer Out	<u>-</u>	<u>-</u>	<u>(145,848)</u>	<u>(145,848)</u>
<b>EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	84,874	90,046	(275,899)	(100,979)
<b>FUND BALANCES - January 1</b>	<u>400,713</u>	<u>699,958</u>	<u>891,301</u>	<u>1,991,972</u>
<b>FUND BALANCES - December 31</b>	<u>\$ 485,587</u>	<u>\$ 790,004</u>	<u>\$ 615,402</u>	<u>\$ 1,890,993</u>

CITY OF SPRINGFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2024

	228 - Recreation Complex	241 - Small Cities Grant II	242 - Small Cities Grant	278 - Community Center	Total
<b>ASSETS</b>					
Cash and Investments	\$ 6,594	\$ 13,231	\$ 32,262	\$ 263,821	\$ 315,908
Accounts Receivable	-	-	-	8,986	8,986
Interest Receivable	-	-	-	8,558	8,558
Notes Receivable	-	33,701	30,483	-	64,184
Due from Other Funds	21,143	-	-	56,126	77,269
Due from Other Governments	21,157	-	-	125	21,282
Prepaid Expense	7,634	-	-	6,413	14,047
<b>TOTAL ASSETS</b>	<u>\$ 56,528</u>	<u>\$ 46,932</u>	<u>\$ 62,745</u>	<u>\$ 344,029</u>	<u>\$ 510,234</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 15	\$ -	\$ -	\$ 9,676	\$ 9,691
Accrued Payroll	-	-	-	2,876	2,876
Due to Other Funds	305	-	-	1,175	1,480
Unearned Revenue	-	-	-	10,600	10,600
<b>Total Liabilities</b>	<u>320</u>	<u>-</u>	<u>-</u>	<u>24,327</u>	<u>24,647</u>
<b>FUND BALANCES</b>					
Nonspendable	7,634	-	-	62,539	70,173
Restricted	48,574	46,932	62,745	-	158,251
Assigned	-	-	-	257,163	257,163
<b>Total Fund Balances</b>	<u>56,208</u>	<u>46,932</u>	<u>62,745</u>	<u>319,702</u>	<u>485,587</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 56,528</u>	<u>\$ 46,932</u>	<u>\$ 62,745</u>	<u>\$ 344,029</u>	<u>\$ 510,234</u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>228 - Recreation Complex</u>	<u>241 - Small Cities Grant II</u>	<u>242 - Small Cities Grant</u>	<u>278 - Community Center</u>	<u>Total</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 36,219	\$ 36,219
Intergovernmental Revenue	-	354,461	-	-	354,461
Charges for Services	-	-	-	102,207	102,207
Interest Income	206	614	1,518	13,333	15,671
Miscellaneous	<u>49,716</u>	<u>-</u>	<u>60</u>	<u>12,728</u>	<u>62,504</u>
Total Revenues	<u>49,922</u>	<u>355,075</u>	<u>1,578</u>	<u>164,487</u>	<u>571,062</u>
EXPENDITURES					
General Government	-	343,756	(8,000)	-	335,756
Culture and Recreation	<u>58,591</u>	<u>-</u>	<u>-</u>	<u>197,196</u>	<u>255,787</u>
Total Expenditures	<u>58,591</u>	<u>343,756</u>	<u>(8,000)</u>	<u>197,196</u>	<u>591,543</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(8,669)</u>	<u>11,319</u>	<u>9,578</u>	<u>(32,709)</u>	<u>(20,481)</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	<u>49,229</u>	<u>-</u>	<u>-</u>	<u>56,126</u>	<u>105,355</u>
EXCESS REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	40,560	11,319	9,578	23,417	84,874
FUND BALANCES - January 1	<u>15,648</u>	<u>35,613</u>	<u>53,167</u>	<u>296,285</u>	<u>400,713</u>
FUND BALANCES - December 31	<u>\$ 56,208</u>	<u>\$ 46,932</u>	<u>\$ 62,745</u>	<u>\$ 319,702</u>	<u>\$ 485,587</u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2024

	320 - 2021A G.O. Tax Abatement Bond	322 - 2021B G.O. Bonds	323 - 2018A G.O. Improvement Bonds	324 - 2021B G.O. Improvement Bonds	327 - 2010A G.O. Bonds	378 - TIF District 1-4	Total
<b>ASSETS</b>							
Cash and Investments	\$ 21,581	\$ 4,722	\$ 274,107	\$ 391,486	\$ 77,306	\$ -	\$ 769,202
Accounts Receivable	4,750	-	-	-	-	1,133	5,883
Special Assessments Receivable	-	-	117,699	641,726	-	-	759,425
Interest Receivable	-	-	2,118	2,118	-	-	4,236
Notes Receivable	-	-	-	-	-	85,241	85,241
Due from Other Governments	-	-	98	15,665	-	-	15,763
Lease Receivable	<u>88,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,225</u>
<b>TOTAL ASSETS</b>	<u>\$ 114,556</u>	<u>\$ 4,722</u>	<u>\$ 394,022</u>	<u>\$ 1,050,995</u>	<u>\$ 77,306</u>	<u>\$ 86,374</u>	<u>\$ 1,727,975</u>
<b>LIABILITIES</b>							
Due to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,374</u>	<u>\$ 86,374</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,374</u>	<u>86,374</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	-	-	117,699	641,726	-	-	759,425
Related to Leases	<u>92,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,172</u>
<b>Total Deferred Inflows of Resources</b>	<u>92,172</u>	<u>-</u>	<u>117,699</u>	<u>641,726</u>	<u>-</u>	<u>-</u>	<u>851,597</u>
<b>FUND BALANCES</b>							
Restricted	<u>22,384</u>	<u>4,722</u>	<u>276,323</u>	<u>409,269</u>	<u>77,306</u>	<u>-</u>	<u>790,004</u>
<b>Total Fund Balances</b>	<u>22,384</u>	<u>4,722</u>	<u>276,323</u>	<u>409,269</u>	<u>77,306</u>	<u>-</u>	<u>790,004</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 114,556</u>	<u>\$ 4,722</u>	<u>\$ 394,022</u>	<u>\$ 1,050,995</u>	<u>\$ 77,306</u>	<u>\$ 86,374</u>	<u>\$ 1,727,975</u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	320 - 2021A G.O. Tax Abatement Bond	322 - 2021B G.O. Bonds	323 - 2018A G.O. Improvement Bonds	324 - 2021B G.O. Improvement Bonds	327 - 2010A G.O. Bonds	378 - TIF District 1-4	Total
REVENUES							
Taxes	\$ 689	\$ 25,442	\$ 76,484	\$ 197,689	\$ 100,506	\$ 14,842	\$ 415,652
Charges for Services	8,379	-	-	-	-	-	8,379
Interest Income	2,629	248	14,943	18,724	2,576	-	39,120
Miscellaneous	-	-	-	-	-	1,889	1,889
Total Revenues	<u>11,697</u>	<u>25,690</u>	<u>91,427</u>	<u>216,413</u>	<u>103,082</u>	<u>16,731</u>	<u>465,040</u>
EXPENDITURES							
Economic Development	-	-	-	-	-	16,731	16,731
Principal Payments	7,693	20,000	68,860	160,176	100,000	-	356,729
Interest Payments	2,011	4,230	24,308	51,934	10,375	-	92,858
Miscellaneous	-	24	495	471	495	-	1,485
Total Expenditures	<u>9,704</u>	<u>24,254</u>	<u>93,663</u>	<u>212,581</u>	<u>110,870</u>	<u>16,731</u>	<u>467,803</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,993	1,436	(2,236)	3,832	(7,788)	-	(2,763)
FUND BALANCES - January 1	<u>20,391</u>	<u>3,286</u>	<u>278,559</u>	<u>312,628</u>	<u>85,094</u>	<u>-</u>	<u>699,958</u>
FUND BALANCES - December 31	<u>\$ 22,384</u>	<u>\$ 4,722</u>	<u>\$ 276,323</u>	<u>\$ 409,269</u>	<u>\$ 77,306</u>	<u>\$ -</u>	<u>\$ 790,004</u>

CITY OF SPRINGFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2024

	405 - Martha Anderson Vet Park	410 - Park Improvement Project	411 - Capital Improvement Projects	423 - Central Street Project	Total
ASSETS:					
Cash and Investments	\$ 9,513	\$ -	\$ 173,702	\$ -	\$ 183,215
Special Assessments Receivable	-	-	341,430	-	341,430
Interest Receivable	-	-	1,098	-	1,098
Due from Other Funds	-	-	428,881	-	428,881
Due from Other Governments	-	-	2,208	-	2,208
TOTAL ASSETS	<u>\$ 9,513</u>	<u>\$ -</u>	<u>\$ 947,319</u>	<u>\$ -</u>	<u>\$ 956,832</u>
LIABILITIES:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue	-	-	341,430	-	341,430
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>341,430</u>	<u>-</u>	<u>341,430</u>
FUND BALANCES:					
Nonspendable	-	-	428,881	-	428,881
Committed	<u>9,513</u>	<u>-</u>	<u>177,008</u>	<u>-</u>	<u>186,521</u>
Total Fund Balances	<u>9,513</u>	<u>-</u>	<u>605,889</u>	<u>-</u>	<u>615,402</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,513</u>	<u>\$ -</u>	<u>\$ 947,319</u>	<u>\$ -</u>	<u>\$ 956,832</u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>405 - Martha Anderson Vet Park</u>	<u>410 - Park Improvement Project</u>	<u>411 - Capital Improvement Projects</u>	<u>423 - Central Street Project</u>	<u>Total</u>
REVENUES					
Taxes	\$ -	\$ -	\$ 51,763	\$ -	\$ 51,763
Interest Income	206	241	19,333	-	19,780
Miscellaneous	<u>24,278</u>	<u>-</u>	<u>3,278</u>	<u>-</u>	<u>27,556</u>
Total Revenues	<u>24,484</u>	<u>241</u>	<u>74,374</u>	<u>-</u>	<u>99,099</u>
EXPENDITURES					
Miscellaneous	-	-	15,896	-	15,896
Capital Outlay	<u>16,896</u>	<u>-</u>	<u>380,858</u>	<u>-</u>	<u>397,754</u>
Total Expenditures	<u>16,896</u>	<u>-</u>	<u>396,754</u>	<u>-</u>	<u>413,650</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	7,588	241	(322,380)	-	(314,551)
OTHER FINANCING SOURCES (USES):					
Transfer In	-	-	184,500	-	184,500
Transfer Out	<u>-</u>	<u>(53,039)</u>	<u>-</u>	<u>(92,809)</u>	<u>(145,848)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	7,588	(52,798)	(137,880)	(92,809)	(275,899)
FUND BALANCES - January 1	<u>1,925</u>	<u>52,798</u>	<u>743,769</u>	<u>92,809</u>	<u>891,301</u>
FUND BALANCES - December 31	<u><u>\$ 9,513</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 605,889</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 615,402</u></u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF NET POSITION  
 PUBLIC UTILITIES COMMISSION  
 DECEMBER 31, 2024

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 1,213,937	\$ 1,151,885	\$ 2,491,035	\$ 4,856,857
Accounts Receivable	49,317	53,490	244,897	347,704
Interest Receivable	14,218	14,218	33,913	62,349
Notes Receivable	-	-	87,782	87,782
Due from Other Funds	1,329	-	99,966	101,295
Due from Other Governments	82	97	11,869	12,048
Prepaid Expense	6,834	8,250	14,328	29,412
Inventory	-	877	457,367	458,244
Total Current Assets	<u>1,285,717</u>	<u>1,228,817</u>	<u>3,441,157</u>	<u>5,955,691</u>
NONCURRENT ASSETS				
Capital Assets:				
Land	12,263	100,733	45,360	158,356
Buildings	1,626,811	3,186,034	593,093	5,405,938
Infrastructure and Improvements	4,137,599	2,401,389	4,898,787	11,437,775
Machinery and Equipment	280,952	383,756	5,651,706	6,316,414
Total Capital Assets	<u>6,057,625</u>	<u>6,071,912</u>	<u>11,188,946</u>	<u>23,318,483</u>
Less: Accumulated Depreciation	3,806,731	3,338,375	9,034,802	16,179,908
Net Capital Assets	<u>2,250,894</u>	<u>2,733,537</u>	<u>2,154,144</u>	<u>7,138,575</u>
Notes Receivable	-	-	633,000	633,000
Total Assets	<u>3,536,611</u>	<u>3,962,354</u>	<u>6,228,301</u>	<u>13,727,266</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	28,484	28,483	50,908	107,875
Total Assets and Deferred Outflows of Resources	<u>\$ 3,565,095</u>	<u>\$ 3,990,837</u>	<u>\$ 6,279,209</u>	<u>\$ 13,835,141</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 1,096	\$ 5,478	\$ 177,674	\$ 184,248
Due to Other Funds	2,956	4,707	16,882	24,545
Accrued Interest	1,095	858	90	2,043
Accrued Payroll	4,005	4,005	19,015	27,025
Due to Other Governments	-	-	13,070	13,070
Accrued Compensated Absences	2,976	2,976	10,955	16,907
Customer Deposits	-	-	29,500	29,500
Current Amount of Long-Term Debt	44,837	35,440	91,555	171,832
Total Current Liabilities	<u>56,965</u>	<u>53,464</u>	<u>358,741</u>	<u>469,170</u>
LONG-TERM LIABILITIES				
Net Pension Liability	69,403	69,392	97,836	236,631
Bonds and Notes Payable	509,564	419,494	681,356	1,610,414
Unamortized Bond Premium	24,745	22,761	3,131	50,637
Total Long-Term Liabilities	<u>603,712</u>	<u>511,647</u>	<u>782,323</u>	<u>1,897,682</u>
Total Liabilities	<u>660,677</u>	<u>565,111</u>	<u>1,141,064</u>	<u>2,366,852</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	54,737	54,736	149,123	258,596
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,696,493	2,278,603	2,014,233	5,989,329
Unrestricted	1,153,188	1,092,387	2,974,789	5,220,364
Total Net Position	<u>2,849,681</u>	<u>3,370,990</u>	<u>4,989,022</u>	<u>11,209,693</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,565,095</u>	<u>\$ 3,990,837</u>	<u>\$ 6,279,209</u>	<u>\$ 13,835,141</u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 PUBLIC UTILITIES COMMISSION  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
<b>OPERATING REVENUES</b>				
Sales	\$ 592,680	\$ -	\$ 2,900,732	\$ 3,493,412
Charges for Services	-	585,817	-	585,817
Miscellaneous Revenues	-	-	44,891	44,891
Total Operating Revenues	592,680	585,817	2,945,623	4,124,120
<b>OPERATING EXPENSES</b>				
Salaries	138,488	127,126	151,520	417,134
Depreciation	64,125	122,166	208,735	395,026
Transmission and Distribution	34,635	-	156,547	191,182
Power Production and Pumping	31,162	-	463,499	494,661
Purification	12,012	-	-	12,012
General and Administrative	47,372	56,971	334,211	438,554
Sewage Collection and Disposal	-	100,165	-	100,165
Purchases and generation	-	-	1,761,139	1,761,139
Total Operating Expenses	327,794	406,428	3,075,651	3,809,873
Net Operating Income (Loss)	264,886	179,389	(130,028)	314,247
<b>NON OPERATING REVENUE (EXPENSE)</b>				
Interest Income	45,002	42,505	123,324	210,831
Contributions and Other	-	727	-	727
Grant Income	-	-	11,497	11,497
Miscellaneous Income	604	-	2,395	2,999
Interest Expense	(12,366)	(9,425)	(928)	(22,719)
Total Non Operating Revenue (Expense)	33,240	33,807	136,288	203,335
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>				
	298,126	213,196	6,260	517,582
Transfer (to) from Other Funds	(43,333)	(38,333)	41,667	(39,999)
<b>CHANGE IN NET POSITION</b>	254,793	174,863	47,927	477,583
<b>NET POSITION - January 1</b>	2,594,888	3,196,127	4,941,095	10,732,110
<b>NET POSITION - December 31</b>	\$ 2,849,681	\$ 3,370,990	\$ 4,989,022	\$ 11,209,693

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF CASH FLOWS  
 PUBLIC UTILITIES COMMISSION  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 607,179	\$ 596,883	\$ 2,967,672	\$ 4,171,734
Payments to Vendors	(155,191)	(179,880)	(2,603,917)	(2,938,988)
Payments to Employees	(142,677)	(131,315)	(171,672)	(445,664)
Other Receipts and Payments	604	727	2,395	3,726
Net Cash Provided By Operating Activities	<u>309,915</u>	<u>286,415</u>	<u>194,478</u>	<u>790,808</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers (to) from Other Funds	(43,333)	(38,333)	41,667	(39,999)
Note Receivable	-	-	87,781	87,781
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(43,333)</u>	<u>(38,333)</u>	<u>129,448</u>	<u>47,782</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of Capital Assets	(17,087)	(2,620)	(414,423)	(434,130)
Grant Income	-	-	11,497	11,497
Principal Paid on Debt	(43,525)	(34,509)	(91,477)	(169,511)
Interest Paid on Debt	(14,586)	(11,435)	(1,198)	(27,219)
Net Cash Used By Capital and Related Financing Activities	<u>(75,198)</u>	<u>(48,564)</u>	<u>(495,601)</u>	<u>(619,363)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Received	33,204	30,707	97,200	161,111
Net Cash Provided By Investing Activities	<u>33,204</u>	<u>30,707</u>	<u>97,200</u>	<u>161,111</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	224,588	230,225	(74,475)	380,338
<b>CASH AND INVESTMENTS - January 1</b>	989,349	921,660	2,565,510	4,476,519
<b>CASH AND INVESTMENTS - December 31</b>	<u>\$ 1,213,937</u>	<u>\$ 1,151,885</u>	<u>\$ 2,491,035</u>	<u>\$ 4,856,857</u>

CITY OF SPRINGFIELD, MINNESOTA  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities				
Operating Income (Loss)	\$ 264,886	\$ 179,389	\$ (130,028)	\$ 314,247
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities				
Depreciation	64,125	122,166	208,735	395,026
Noncash Pension Expense	(5,270)	(5,270)	(20,550)	(31,090)
Changes in Assets and Liabilities				
Receivables	14,425	11,055	17,419	42,899
Due from Other Funds and Governments	74	11	1,530	1,615
Inventory	35	145	86,374	86,554
Prepaid Expenses	(415)	(503)	(939)	(1,857)
Accounts Payable	420	3,641	29,116	33,177
Accrued Wages	443	443	1,595	2,481
Compensated Absences	638	638	(1,197)	79
Customer Deposits	-	-	3,100	3,100
Due to Other Funds and Governments	(30,050)	(26,027)	(3,072)	(59,149)
Other Receipts and Payments	604	727	2,395	3,726
Net Cash Provided By Operating Activities	\$ 309,915	\$ 286,415	\$ 194,478	\$ 790,808

CITY OF SPRINGFIELD, MINNESOTA  
SUMMARY FINANCIAL REPORT

REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

The purpose of this report is to provide a summary of financial information concerning the City of Springfield to interested citizens. The complete financial statements may be examined at the City Hall, 2 East Central Street Springfield, MN. Questions about this report should be directed to Amy Vogel, City Finance Manager, at 507 723 3502.

	<u>Total</u> <u>2024</u>	<u>Total</u> <u>2023</u>	Percent Increase (Decrease)
<b>REVENUES:</b>			
Taxes and Assessments	\$ 1,635,762	\$ 1,534,698	6.59 %
Licenses and Permits	14,827	13,375	10.86 %
Intergovernmental	2,078,967	2,196,922	(5.37)%
Charges for Services	632,587	613,375	3.13 %
Fines	3,714	1,865	99.14 %
Investment Earnings	182,452	127,633	42.95 %
Miscellaneous	1,153,398	253,232	355.47 %
Transfer In	<u>525,704</u>	<u>1,240,136</u>	<u>(57.61)%</u>
Total Revenues	<u>\$ 6,227,411</u>	<u>\$ 5,981,236</u>	<u>4.12 %</u>
Per Capita	<u>3,274</u>	<u>3,145</u>	
<b>EXPENDITURES:</b>			
Current			
General Government	\$ 1,036,936	\$ 699,870	48.16 %
Public Safety	726,451	743,444	(2.29)%
Public Works	347,739	292,782	18.77 %
Culture and Recreation	741,673	749,499	(1.04)%
Health & Welfare	247,013	233,036	6.00 %
Economic Development	56,112	47,050	19.26 %
Miscellaneous	102,604	58,292	76.02 %
Debt Service:			
Principal Payments	356,729	1,157,597	(69.18)%
Interest Payments	92,858	103,869	(10.60)%
Miscellaneous	1,485	2,499	(40.58)%
Capital Outlay	1,888,753	1,442,913	30.90 %
Transfer Out	<u>506,273</u>	<u>1,220,706</u>	<u>(58.53)%</u>
Total Expenditures	<u>\$ 6,104,626</u>	<u>\$ 6,751,557</u>	<u>(9.58)%</u>
Per Capita	<u>3,210</u>	<u>3,550</u>	
Governmental Long-term Indebtedness	<u>\$ 3,421,929</u>	<u>\$ 4,936,255</u>	<u>(30.68)%</u>
Per Capita	<u>1,799</u>	<u>2,595</u>	
General Fund Unassigned Fund Balance - December 31	<u>\$ 852,187</u>	<u>\$ 875,758</u>	<u>(2.69)%</u>
Per Capita	<u>448</u>	<u>460</u>	

SECTION IV

ADDITIONAL INFORMATION

CITY OF SPRINGFIELD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/Expenditures</u>
U.S. Department of Justice Bullet Proof Vest Program	16.607	A-HMGP-DR4442	\$ 1,773
Federal Emergency Management Agency FEMA's Hazard Mitigation Grant Program	97.039	4442.21R	428,881
Flood Mitigation Assistance	97.029		24,307
U.S. Dept of Housing and Urban Development/MN DEED Community Development Block Grant	14.228	CAP-19-043-O-FY20	<u>354,461</u>
			<u>\$ 809,422</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Springfield under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the City of Springfield it is not intended to and does not present the financial position, change in net position, or cash flows of the City of Springfield.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to requirement. The City of Springfield has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Loans and Loan Guarantees Outstanding

The City of Springfield had been approved by the US Department of Agriculture to receive loans in the amount of \$870,500. The amount listed for the loans includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at December 31, 2024 is \$720,781.

Dennis E. Oberloh, CPA  
Sara J. Oberloh, CPA



P.O. Box 186  
530 West Park Road  
Redwood Falls, MN 56283  
507-644-6400  
www.oberlohcpa.com

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

Honorable Mayor and Members of the Council  
City of Springfield  
Springfield, Minnesota

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, business-type activities, each major fund, and the aggregate remaining fund information of City of Springfield, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise City of Springfield, Minnesota's basic financial statements, and have issued our report thereon dated June 18, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Springfield, Minnesota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Springfield, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Springfield, Minnesota'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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Item 2024-001.

## **Report on Compliance and Other Matters**


As part of obtaining reasonable assurance about whether City of Springfield, Minnesota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **City of Springfield, Minnesota's Response to Findings**

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

## **Purpose of this Report**

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

  
Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 18, 2025

Dennis E. Oberloh, CPA  
Sara J. Oberloh, CPA



P.O. Box 186  
530 West Park Road  
Redwood Falls, MN 56283  
507-644-6400  
www.oberlohcpa.com

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

Honorable Mayor and Members of the Council  
City of Springfield  
Springfield, Minnesota

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited City of Springfield, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have direct and material effect on each of City of Springfield, Minnesota's major federal programs for the year ended December 31, 2024. City of Springfield, Minnesota's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Springfield, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

**Basis for Opinion on Each Major Federal Program**

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

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

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance in the accompanying schedule of findings and questioned costs as items 2024-001 to be significant deficiencies.

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

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

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

*Oberloh + Oberloh, Ltd.*  
Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 18, 2025

CITY OF SPRINGFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements for the business-type activities, each major fund and the aggregate remaining funds and unmodified for the governmental activities of City of Springfield.
2. One significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements of City of Springfield, Minnesota, as required to be reported in accordance with *Government Auditing Standards*.
3. There were no matters of noncompliance which is material to the financial statements of the City of Springfield, Minnesota required to be reported in accordance with *Government Auditing Standards*.
4. The auditors' report on compliance for the major federal award programs for City of Springfield, Minnesota expresses an unmodified opinion.
5. One significant deficiencies in internal control over major federal award programs were noted by the audit and are reported in Part C. of this schedule.
6. The program tested as a major program included: Federal Emergency Management Agency Hazard Mitigation Grant Program (97.039).
7. The threshold for distinguishing Types A and B programs was \$750,000.
8. City of Springfield, Minnesota was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
INTERNAL CONTROL FINDINGS  
Audit Finding 2024-001

*Criteria:* The City does not have the internal resources to identify all journal entries required to maintain a general ledger and to prepare the full-disclosure financial statements in conformity with generally accepted accounting principles.

*Condition:* The City's personnel prepare periodic financial information for internal use that meets the needs of management and the City Council. However, the City does not have internal resources to identify all journal entries required to maintain a general ledger and prepare full-disclosure financial statements required by generally accepted accounting principles for external reporting. The City is aware of this significant deficiency, and obtains our assistance in the preparation of the City's annual financial statements.

*Cause:* The City does not have the internal expertise needed to handle all aspects of the external financial reporting.

*Effect or Potential Effect:* The City's management is aware of the deficiency and addresses it by reviewing and approving the adjusting journal entries and completed statements prior to distribution to the end users.

*Questioned Cost:* None.

CITY OF SPRINGFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024

B. FINDINGS - FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL OVER FINANCIAL REPORTING

*Context:* During our audit, adjustments were made to the trial balance to prepare financial statements.

*Repeat of Prior-Year Finding:* 2023-001

*Recommendations:* For entities of the City's size, it generally is not practical to obtain the internal expertise needed to handle all aspects of the external financial reporting.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with the recommendation that it is not cost effective for the City to prepare the financial statements and maintain a working knowledge of the required disclosures.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

INTERNAL CONTROL OVER COMPLIANCE

None

CITY OF SPRINGFIELD, MINNESOTA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2023

2023-001 Auditor Prepared Financial Statements - This finding is unresolved and appears as finding  
2024-001

Dennis E. Oberloh, CPA  
Sara J. Oberloh, CPA



P.O. Box 186  
530 West Park Road  
Redwood Falls, MN 56283  
507-644-6400  
[www.oberlohcpa.com](http://www.oberlohcpa.com)

MINNESOTA LEGAL COMPLIANCE  
INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Council  
City of Springfield  
Springfield, Minnesota

We have audited, 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, the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Springfield, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 18, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that City of Springfield, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Springfield, Minnesota's noncompliance with the above reference provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Oberloh & Oberloh, Ltd.*  
Oberloh & Oberloh, Ltd.  
Redwood Falls, Minnesota

June 18, 2025