

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF SPRINGFIELD, MINNESOTA
CONTENTS

PAGE

SECTION I
INTRODUCTORY SECTION

Elected and Appointed Officials 1

SECTION II
FINANCIAL SECTION

Independent Auditors' Report	2 - 5
Management's Discussion and Analysis	6 - 16
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Proprietary Funds	
Statement of Net Position	23 - 24
Statement of Revenues, Expenses and Changes in Fund Net Position	25
Statement of Cash Flows	26 - 27
Fiduciary Funds	
Statement of Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to the Basic Financial Statements	30 - 60
Required Supplemental Information Section	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)	
General Fund	61 - 64
PERA General Employees Retirement Fund	
Schedule of Proportionate Share of the Net Pension Liability	65
Schedule of Contributions	66
Public Employees Police and Fire Retirement Fund	
Schedule of Proportionate Share of the Net Pension Liability	67
Schedule of Contributions	68
Fire Relief Association	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	69
Schedule of Changes in Net Pension Liability (Asset) as a Percent of Payroll	70
Notes to Required Supplementary Information	71 - 75

CITY OF SPRINGFIELD, MINNESOTA
CONTENTS

PAGE

SECTION III
SUPPLEMENTAL SECTION

Combining Fund Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
Nonmajor Special Revenue Funds	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79
Nonmajor Debt Service Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81
Nonmajor Capital Project Funds	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
Public Utilities Commission	
Combining Statement of Net Position	84
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	85
Combining Statement of Cash Flows	86 - 87
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	88

SECTION IV
OTHER REQUIRED REPORTS

Schedule of Expenditures of Federal Awards	89
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 <i>Government Auditing Standards</i>	90 - 91
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance required by Uniform Guidance	92 - 94
Schedule of Findings and Questioned Costs	95 - 96
Schedule of Prior Audit Findings	97
Independent Auditors' Report on Minnesota Legal Compliance	98

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	Theresa Beckman	12/31/2022
COUNCIL MEMBER	Mike Rothmeier	12/31/2022
COUNCIL MEMBER	John Ryan	12/31/2024
COUNCIL MEMBER	Nichola Klisch	12/31/2024
CITY CLERK	Amy Vogel	Appointed
CITY TREASURER	R.S. Loomis	Appointed
CITY MANAGER	Joe Stremcha	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

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, 2022, 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, 2022, 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 16 and 61 through 75 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 20, 2023 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 20, 2023

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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, 2022.

- 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 \$28,036,496 (net position). Of this amount, \$8,776,715 (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 \$1,383,327 compared to an increase of \$2,125,279 in the previous year. The governmental activities net position increased by \$497,305 and the business-type activities net position increased \$886,022.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,419,559, a decrease of \$354,477 in comparison with the prior year. Approximately 60.8 percent of this total amount, \$3,297,600, is available for spending at the City's discretion, although \$1,452,283 has been assigned and \$799,535 has been committed for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,052,920, or 45.8 percent of total General Fund expenditures.
- The City's total debt decreased by \$590,000 or 6.9 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 17) 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 18) 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, 2022

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, public works, 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 19) and the governmental fund statement of revenues, expenditures and changes in fund balances (on page 21) provide a reconciliation (on pages 20 and 22) to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-two 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, and 2021B G.O. Improvement Bonds; 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, 2022

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 23 through 26 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 28 and 29 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 30 through 60 of this report.

Required Supplementary Information

This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule and Pension Schedules (on pages 61 - 75) 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 76) 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, 2022

THE CITY AS A WHOLE (Cont.)

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current Assets	\$ 7,188,088	\$ 7,049,234	\$ 5,909,929	\$ 4,613,965	\$ 13,098,017	\$ 11,663,199
Capital Assets	<u>16,427,845</u>	<u>16,590,383</u>	<u>9,463,335</u>	<u>9,656,593</u>	<u>25,891,180</u>	<u>26,246,976</u>
Total Assets	<u>23,615,933</u>	<u>23,639,617</u>	<u>15,373,264</u>	<u>14,270,558</u>	<u>38,989,197</u>	<u>37,910,175</u>
Deferred Outflows of Resources	<u>1,536,578</u>	<u>676,702</u>	<u>354,819</u>	<u>321,933</u>	<u>1,891,397</u>	<u>998,635</u>
Current Liabilities	1,531,191	1,063,411	1,120,248	701,942	2,651,439	1,765,353
Long-term Liabilities	<u>5,531,800</u>	<u>5,588,894</u>	<u>3,633,398</u>	<u>3,613,037</u>	<u>9,165,198</u>	<u>9,201,931</u>
Total Liabilities	<u>8,599,569</u>	<u>7,329,007</u>	<u>5,108,465</u>	<u>4,636,912</u>	<u>13,708,034</u>	<u>11,965,919</u>
Deferred Inflows of Resources	<u>832,713</u>	<u>904,512</u>	<u>194,748</u>	<u>556,470</u>	<u>1,027,461</u>	<u>1,460,982</u>
Net Position						
Net Investment in Capital Assets	11,090,799	12,249,288	6,133,186	6,053,875	17,223,985	18,303,163
Restricted	2,035,796	1,598,008	-	-	2,035,796	1,598,008
Unrestricted	<u>4,130,212</u>	<u>2,912,206</u>	<u>4,646,503</u>	<u>3,839,792</u>	<u>8,776,715</u>	<u>6,751,998</u>
Total Net Position	<u>\$ 17,256,807</u>	<u>\$ 16,759,502</u>	<u>\$10,779,689</u>	<u>\$ 9,893,667</u>	<u>\$ 28,036,496</u>	<u>\$ 26,653,169</u>

A large portion of the City's net position (61.4 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 (7.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (31.3 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, 2022

THE CITY AS A WHOLE (Cont.)

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Revenues</u>						
Program Revenues:						
Fees, Fines, and						
Charges for Services	\$ 618,115	\$ 797,402	\$ 1,046,482	\$ 4,539,372	\$ 1,664,597	\$ 5,336,774
Contributions	63,970	-	16,220	-	80,190	-
Operating Grants and						
Contributions	-	242,867	21,239	63,078	21,239	305,945
Capital Grants and						
Contributions	-	1,716,740	-	-	-	1,716,740
Sales	-	-	3,204,101	-	3,204,101	-
General Revenues:						
Taxes and						
Assessments	2,452,136	1,304,750	-	-	2,452,136	1,304,750
Intergovernmental						
Revenue	1,340,481	-	-	-	1,340,481	-
Interest Income	35,709	12,793	28,163	11,626	63,872	24,419
Insurance Proceeds	563,531	-	110	-	563,641	-
Gain (Loss) on Sale of						
Fixed Assets	-	3,084	5,650	2,500	5,650	5,584
Miscellaneous Income	-	963,154	18,092	-	18,092	963,154
Refunds and						
Reimbursements	-	-	1,078	-	1,078	-
Total Revenues	<u>5,073,942</u>	<u>5,040,790</u>	<u>4,341,135</u>	<u>4,616,576</u>	<u>9,415,077</u>	<u>9,657,366</u>
<u>Expenses</u>						
General Government	745,815	600,605	-	-	745,815	600,605
Public Safety	1,120,005	577,251	-	-	1,120,005	577,251
Public Works	805,697	709,930	-	-	805,697	709,930
Culture and Recreation	936,411	850,464	-	-	936,411	850,464
Health and Welfare	226,232	222,347	-	-	226,232	222,347
Economic Development	115,884	115,510	-	-	115,884	115,510
Miscellaneous	364,260	498,008	-	-	364,260	498,008
Interest on Long-Term						
Debt	130,866	168,945	-	-	130,866	168,945
Electric	-	-	350,678	2,419,866	350,678	2,419,866
Water	-	-	409,272	433,940	409,272	433,940
Sewer	-	-	2,257,115	453,120	2,257,115	453,120
Storm Sewer	-	-	30,810	22,390	30,810	22,390
Community Ambulance	-	-	370,612	276,850	370,612	276,850
Rental Housing	-	-	184,494	182,861	184,494	182,861
Total Expenses	<u>4,445,170</u>	<u>3,743,060</u>	<u>3,602,981</u>	<u>3,789,027</u>	<u>8,048,151</u>	<u>7,532,087</u>
Transfers	(147,868)	24,716	147,868	(24,716)	-	-
Capital Contributions	-	(302,392)	-	302,392	-	-
Change in Net Position	480,904	1,020,054	886,022	1,105,225	1,366,926	2,125,279
Net Position Beginning	<u>16,759,502</u>	<u>15,739,448</u>	<u>9,893,667</u>	<u>8,788,442</u>	<u>26,653,169</u>	<u>24,527,890</u>
Net Position Ending	<u>\$ 17,240,406</u>	<u>\$ 16,759,502</u>	<u>\$ 10,779,689</u>	<u>\$ 9,893,667</u>	<u>\$ 28,020,095</u>	<u>\$ 26,653,169</u>

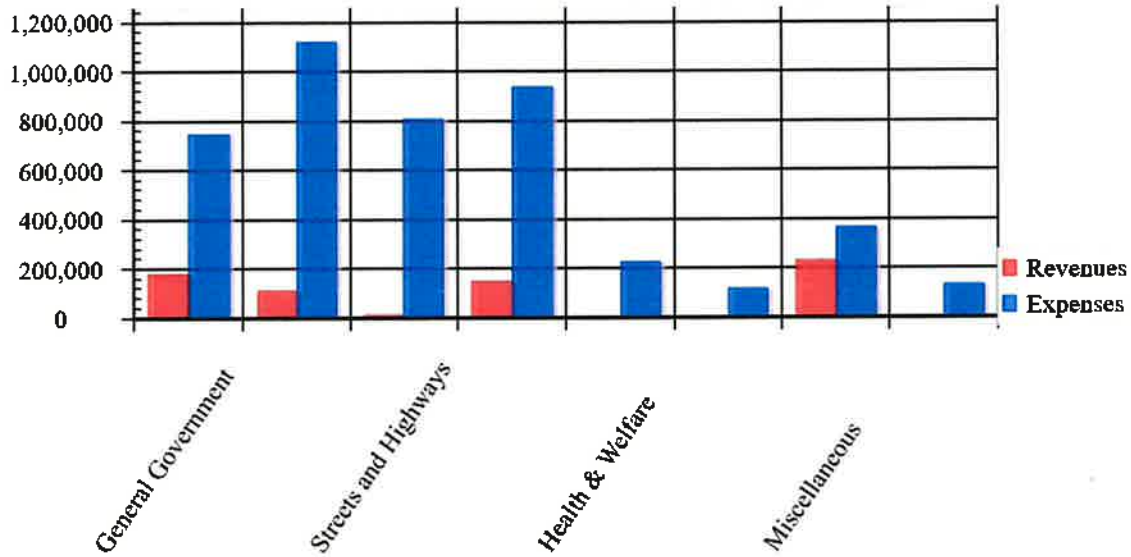
CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

THE CITY AS A WHOLE (Cont.)

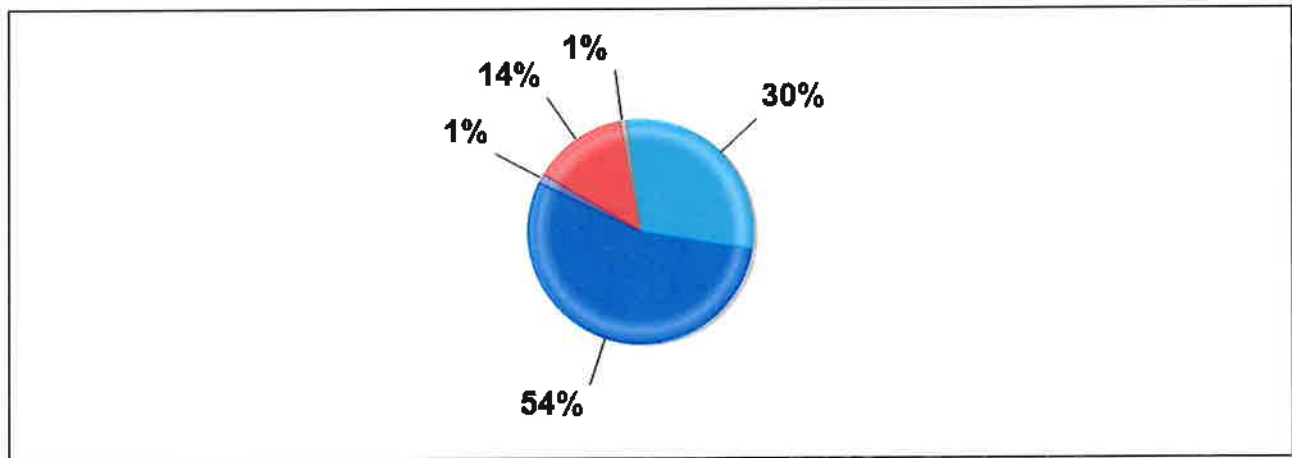
Governmental Activities

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

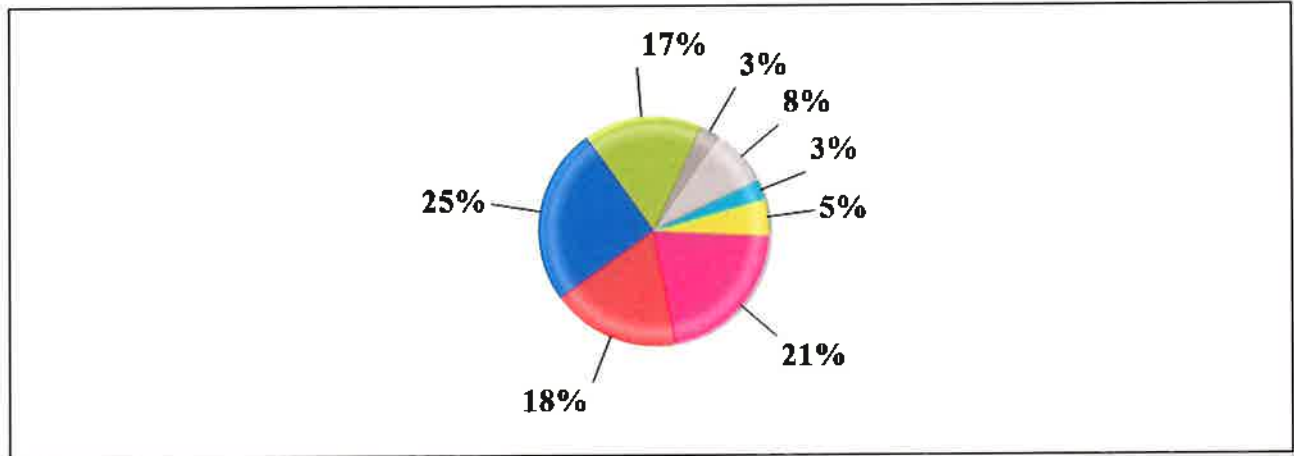


-  Fees, Fines and Charges for Services
-  Taxes and Assessments
-  Interest Income
-  Operating Grants and Contributions
-  Intergovernmental Revenue

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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

Uses of Funds in Governmental Activities



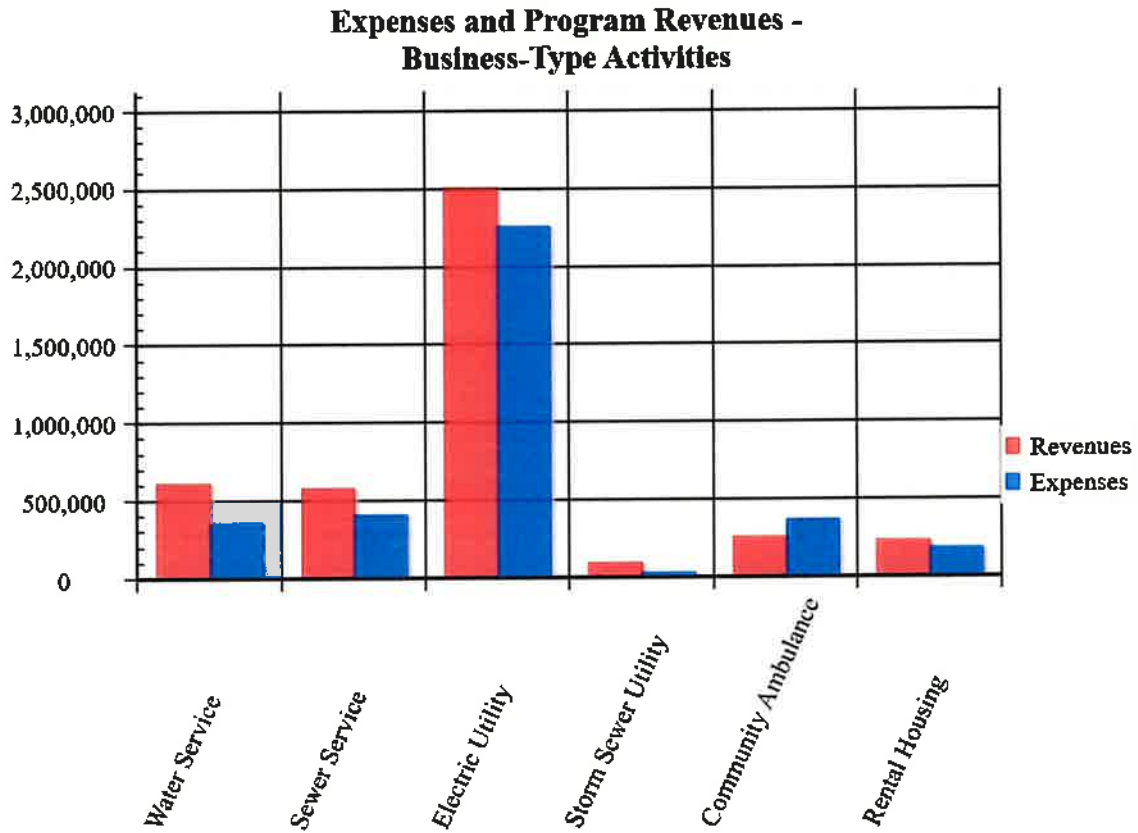
- General Government
- Culture and Recreation
- Miscellaneous
- Public Safety
- Health & Welfare
- Debt Service
- Streets and Highways
- Economic Development

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

THE CITY AS A WHOLE (Cont.)

Business-Type Activities

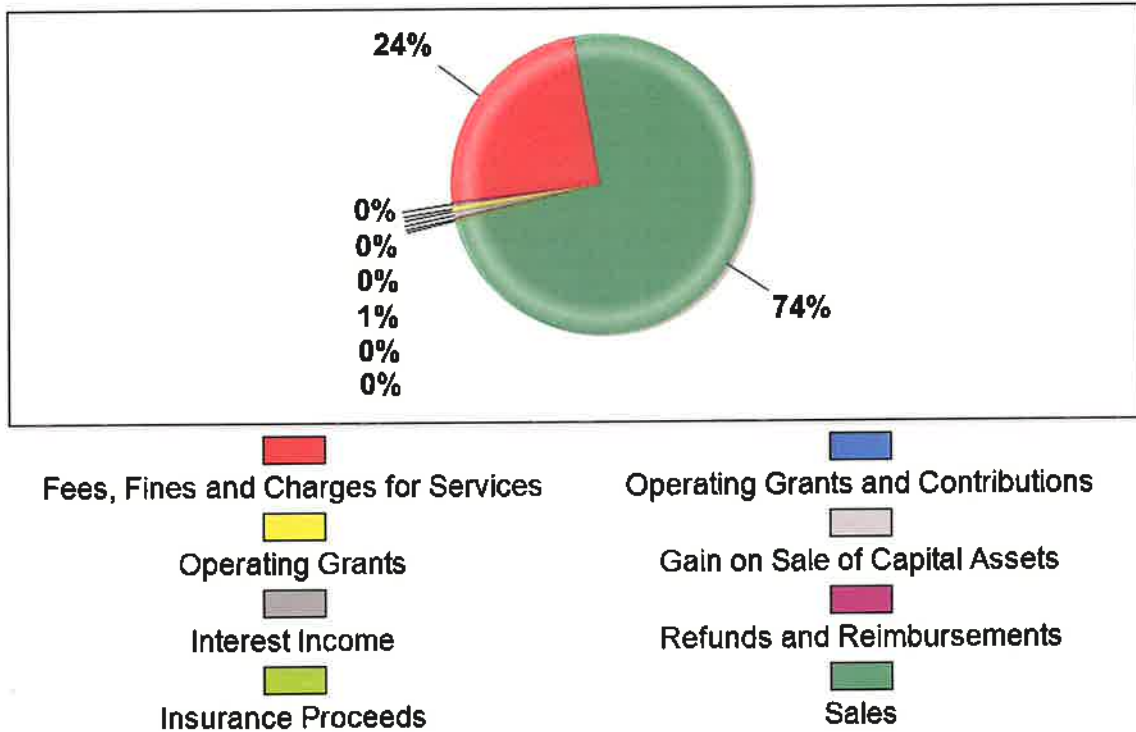
The following graphs depict various business-type activities and show the revenue and expenses directly related to those activities.



CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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 \$5,419,559 a decrease of \$354,477 in comparison with the prior year. The fund balance is broke down into five categories, \$86,163 is nonspendable, \$2,035,796 is restricted, \$799,535 is committed, \$1,452,283 is assigned, and \$1,045,782 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 \$1,205,256, of which \$59,521 is nonspendable for inventory and prepaid expenses and \$92,815 is assigned. 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 48.4 percent of the General Fund expenditures. The fund balance of the City's General Fund decreased by \$44,698 during 2022.

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

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

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 \$6,133,186. The total increase in net position of the funds was \$886,022. 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 four fiduciary funds. Three of the funds are private-purpose trust funds and one fund is a custodial fund. The total net position of these funds was \$769,791, all of which is restricted by individuals and other governments. The decrease in net position was \$116,100.

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 expenditures and other financing uses. During 2022 revenues were over expectations by \$159,820. In addition expenditures came in over budget by \$218,582 during 2022.

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, 2022, amounts to \$25,891,202 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 1.4 percent (an 1.0 percent decrease for governmental activities and a 2.0 percent decrease for business-type activities). The decrease was due to depreciation exceeding capital outlay.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 730,218	\$ 730,218	\$ 215,355	\$ 215,355	\$ 945,573	\$ 945,573
Construction in Progress	266,360	3,137,275	-	1,800,299	266,360	4,937,574
Buildings	11,044,348	10,987,862	7,713,183	7,713,183	18,757,531	18,701,045
Infrastructure and Improvements	15,922,206	12,453,142	11,641,838	9,635,550	27,564,044	22,088,692
Machinery and Equipment	<u>4,415,323</u>	<u>4,073,584</u>	<u>6,520,421</u>	<u>6,413,379</u>	<u>10,935,744</u>	<u>10,486,963</u>
Subtotal	32,378,455	31,382,081	26,090,797	25,777,766	58,469,252	57,159,847
Less: Accumulated Depreciation	<u>15,950,608</u>	<u>14,789,341</u>	<u>16,627,442</u>	<u>16,122,151</u>	<u>32,578,050</u>	<u>30,911,492</u>
Total	<u>\$ 16,427,847</u>	<u>\$ 16,592,740</u>	<u>\$ 9,463,355</u>	<u>\$ 9,655,615</u>	<u>\$ 25,891,202</u>	<u>\$ 26,248,355</u>

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (Cont.)

Debt

At the end of the current fiscal year, the City had total Long-term debt outstanding of \$8,266,425.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Tax Increment						
Bonds	\$ 111,425	\$ 166,425	\$ -	\$ -	\$ 111,425	\$ 166,425
G.O. Improvement						
Bonds	4,644,830	4,978,670	-	-	4,644,830	4,978,670
G.O. Bonds	180,000	200,000	-	-	180,000	200,000
G.O. Revenue						
Bonds	-	-	1,935,170	2,021,330	1,935,170	2,021,330
G.O. Revenue Notes	-	-	<u>1,395,000</u>	<u>1,490,000</u>	<u>1,395,000</u>	<u>1,490,000</u>
Total	<u>\$4,936,255</u>	<u>\$5,345,095</u>	<u>\$3,330,170</u>	<u>\$3,511,330</u>	<u>\$8,266,425</u>	<u>\$8,856,425</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City continues to have stagnant revenue from Local Government Aid. Although future losses 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, 2022

	Primary Government			Economic Development Authority
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments	\$ 5,231,189	\$ 4,630,292	\$ 9,861,481	\$ 186,325
Receivables:				
Accounts Receivable	136,020	375,439	511,459	-
Property Taxes Receivable	14,162	-	14,162	-
Special Assessments Receivable	1,353,301	17,661	1,370,962	-
Interest Receivable	10,215	7,720	17,935	-
Notes Receivable	62,409	491,597	554,006	141,935
Assets Held for Resale	16,547	-	16,547	-
Due from Other Governments	60,093	1,317	61,410	-
Lease Receivable	215,567	-	215,567	-
Prepaid Expense	85,949	31,213	117,162	110
Internal Balances	(54,636)	(71,977)	(126,613)	126,613
Inventory	214	426,647	426,861	-
Capital Assets:				
Nondepreciable:				
Land	730,218	215,355	945,573	189,913
Construction in Progress	266,360	-	266,360	-
Depreciable, Net of Accumulated Depreciation:				
Buildings	6,475,716	2,620,054	9,095,770	-
Infrastructure and Improvements	7,617,988	6,152,502	13,770,490	-
Machinery and Equipment	1,337,565	475,444	1,813,009	-
Net Pension Asset	57,056	-	57,056	-
TOTAL ASSETS	<u>23,615,933</u>	<u>15,373,264</u>	<u>38,989,197</u>	<u>644,896</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	1,536,578	354,819	1,891,397	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,536,578</u>	<u>354,819</u>	<u>1,891,397</u>	<u>-</u>
LIABILITIES				
Accounts Payable	67,416	165,065	232,481	520
Accrued Interest	3,863	19,320	23,183	-
Accrued Payroll	36,152	23,539	59,691	-
Due to Other Governments	90	503,823	503,913	-
Accrued Compensated Absences	42,951	10,370	53,321	-
Customer Deposits	1,600	44,580	46,180	-
Unearned Revenue	22,010	4,435	26,445	-
Noncurrent liabilities:				
Due within one year	1,157,110	351,385	1,508,495	-
Net Pension Liability	1,752,654	567,207	2,319,861	-
Due in more than one year	3,779,146	2,978,784	6,757,930	-
Unamortized Bond Premium	199,999	85,138	285,137	-
TOTAL LIABILITIES	<u>7,062,991</u>	<u>4,753,646</u>	<u>11,816,637</u>	<u>520</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	615,972	194,748	810,720	-
Related to Leases	216,741	-	216,741	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>832,713</u>	<u>194,748</u>	<u>1,027,461</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	11,090,799	6,133,186	17,223,985	189,913
Restricted	2,035,796	-	2,035,796	-
Unrestricted	4,130,212	4,646,503	8,776,715	454,463
TOTAL NET POSITION	<u>\$ 17,256,807</u>	<u>\$ 10,779,689</u>	<u>\$ 28,036,496</u>	<u>\$ 644,376</u>

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, 2022

Functions/Programs	Program Revenues					Net Sources (Uses) and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Operating Grants	Sales	Primary Government			
						Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government									
Governmental Activities:									
General Government	\$ 745,815	\$ 180,199	\$ -	\$ -	\$ -	\$ (565,616)	\$ -	\$ (565,616)	\$ -
Public Safety	1,120,005	47,535	63,970	-	-	(1,008,500)	-	(1,008,500)	-
Streets and Highways	805,697	11,425	-	-	-	(794,272)	-	(794,272)	-
Culture and Recreation	936,411	148,618	-	-	-	(787,793)	-	(787,793)	-
Health & Welfare	226,232	-	-	-	-	(226,232)	-	(226,232)	-
Economic Development	115,884	-	-	-	-	(115,884)	-	(115,884)	-
Miscellaneous	364,260	230,338	-	-	-	(133,922)	-	(133,922)	-
Debt Service	130,866	-	-	-	-	(130,866)	-	(130,866)	-
Total Governmental Activities	4,445,170	618,115	63,970	-	-	(3,763,085)	-	(3,763,085)	-
Business-Type Activities:									
Water Service	350,678	-	9,641	-	605,716	-	264,679	264,679	-
Sewer Service	409,272	575,099	6,575	-	-	-	172,402	172,402	-
Electric Utility	2,257,115	-	-	-	2,502,127	-	245,012	245,012	-
Storm Sewer Utility	30,810	-	-	-	96,258	-	65,448	65,448	-
Community Ambulance	370,612	237,190	4	21,239	-	-	(112,179)	(112,179)	-
Rental Housing	184,494	234,193	-	-	-	-	49,699	49,699	-
Total Business-Type Activities	3,602,981	1,046,482	16,220	21,239	3,204,101	-	685,061	685,061	-
Total Primary Government	8,048,151	1,664,597	80,190	21,239	3,204,101	(3,763,085)	685,061	(3,078,024)	-
Component Unit	36,685	4,496	42,519	-	-	-	-	-	10,330
General Revenues:									
Taxes and Assessments						2,452,136	-	2,452,136	-
Intergovernmental Revenue						1,340,481	-	1,340,481	-
Gain on Sale of Capital Assets						-	5,650	5,650	-
Interest Income						35,710	28,163	63,873	7,946
Refunds and Reimbursements						-	1,078	1,078	-
Insurance Proceeds						-	110	110	-
Miscellaneous						579,931	18,092	598,023	20,000
Transfers						(147,868)	147,868	-	-
Total General Revenues						4,260,390	200,961	4,461,351	27,946
Changes in Net Position						497,305	886,022	1,383,327	38,276
Net Position- January 1						16,759,502	9,893,667	26,653,169	606,100
Net Position- December 31						\$ 17,256,807	\$ 10,779,689	\$ 28,036,496	\$ 644,376

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

CITY OF SPRINGFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	100 - General Fund	251 - Medical Center	324 - 2021B G.O. Improvement Bonds	Normajor Governmental Funds	Total
ASSETS:					
Cash and Investments	\$ 1,199,296	\$ 1,161,876	\$ 273,964	\$ 2,596,053	\$ 5,231,189
Accounts Receivable	9,240	2,255	-	124,525	136,020
Assets Held for Resale	16,547	-	-	-	16,547
Property Taxes Receivable	14,162	-	-	-	14,162
Special Assessments Receivable	1,385	-	782,594	569,322	1,353,301
Interest Receivable	111	5,716	-	4,388	10,215
Notes Receivable	-	-	-	62,409	62,409
Due from Other Governments	18,062	76	15,386	26,569	60,093
Lease Receivable	32,559	75,198	-	107,810	215,567
Prepaid Expense	59,307	15,246	-	11,396	85,949
Inventory	214	-	-	-	214
Due from Other Funds	7,167	-	-	86,245	93,412
Total Assets	<u>\$ 1,358,050</u>	<u>\$ 1,260,367</u>	<u>\$ 1,071,944</u>	<u>\$ 3,588,717</u>	<u>\$ 7,279,078</u>
LIABILITIES:					
Accounts Payable	\$ 37,979	\$ 12,821	\$ -	\$ 16,616	\$ 67,416
Accrued Payroll	33,780	1,868	-	504	36,152
Due to Other Funds	31,171	-	-	116,876	148,047
Customer Deposits	-	1,600	-	-	1,600
Due to Other Governments	33	-	-	57	90
Unearned Revenue	1,400	1,730	-	18,880	22,010
Total Liabilities	<u>104,363</u>	<u>18,019</u>	<u>-</u>	<u>152,933</u>	<u>275,315</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue	15,547	-	782,594	569,322	1,367,463
Related to Leases	32,884	74,927	-	108,930	216,741
Total Deferred Inflows of Resources	<u>48,431</u>	<u>74,927</u>	<u>782,594</u>	<u>678,252</u>	<u>1,584,204</u>
FUND BALANCES:					
Nonspendable	59,521	15,246	-	11,396	86,163
Restricted	-	349,154	289,350	1,397,292	2,035,796
Committed	-	-	-	799,535	799,535
Assigned	92,815	803,021	-	556,447	1,452,283
Unassigned (Deficit)	1,052,920	-	-	(7,138)	1,045,782
Total Fund Balances	<u>1,205,256</u>	<u>1,167,421</u>	<u>289,350</u>	<u>2,757,532</u>	<u>5,419,559</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,358,050</u>	<u>\$ 1,260,367</u>	<u>\$ 1,071,944</u>	<u>\$ 3,588,717</u>	<u>\$ 7,279,078</u>

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

CITY OF SPRINGFIELD, MINNESOTA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total Governmental Fund Balances	\$	5,419,559
<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.		16,427,846
Part of taxes and special assessments receivable are not available to pay for current period expenditures and therefore are deferred in the funds.		1,367,463
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.		(5,183,069)
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>(774,992)</u>
Net Position of Governmental Activities	\$	<u>17,256,807</u>

CITY OF SPRINGFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	100 - General Fund	251 - Medical Center	324 - 2021B G.O. Improvement Bonds	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 895,726	\$ -	\$ 397,697	\$ 442,705	\$ 1,736,128
Licenses and Permits	14,650	-	-	-	14,650
Intergovernmental Revenue	1,055,747	-	-	343,235	1,398,982
Charges for Services	311,647	175,826	-	114,563	602,036
Fines and Forfeits	1,017	-	-	412	1,429
Interest Income	3,065	12,539	310	19,804	35,718
Miscellaneous	139,045	9,980	-	430,906	579,931
Total Revenues	<u>2,420,897</u>	<u>198,345</u>	<u>398,007</u>	<u>1,351,625</u>	<u>4,368,874</u>
EXPENDITURES					
Current Operations:					
General Government	607,912	-	-	89,522	697,434
Public Safety	706,954	-	-	20,223	727,177
Streets and Highways	271,483	-	-	158,886	430,369
Culture and Recreation	430,417	-	-	335,318	765,735
Health & Welfare	-	226,232	-	-	226,232
Economic Development	82,273	-	-	17,048	99,321
Miscellaneous	88,697	-	-	-	88,697
Debt Service:					
Principal Payments	-	-	50,055	358,785	408,840
Interest Payments	-	-	58,139	75,674	133,813
Miscellaneous	-	-	471	1,014	1,485
Capital Outlay	110,872	-	-	885,509	996,381
Total Expenditures	<u>2,298,608</u>	<u>226,232</u>	<u>108,665</u>	<u>1,941,979</u>	<u>4,575,484</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	122,289	(27,887)	289,342	(590,354)	(206,610)
OTHER FINANCING SOURCES (USES)					
Transfer In	48,046	-	-	232,191	280,237
Transfer Out	<u>(215,033)</u>	<u>-</u>	<u>-</u>	<u>(213,071)</u>	<u>(428,104)</u>
EXCESS EXPENDITURES AND OTHER USES OVER REVENUES AND OTHER SOURCES	(44,698)	(27,887)	289,342	(571,234)	(354,477)
FUND BALANCES - January 1	<u>1,249,954</u>	<u>1,195,308</u>	<u>8</u>	<u>3,328,766</u>	<u>5,774,036</u>
FUND BALANCES - December 31	<u>\$ 1,205,256</u>	<u>\$ 1,167,421</u>	<u>\$ 289,350</u>	<u>\$ 2,757,532</u>	<u>\$ 5,419,559</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (354,477)
<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	996,372
Depreciation Expense	(1,158,912)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	(836)
Special Assessments	716,844
Interest on long-term liabilities is expensed as paid in the funds, but accrued in the period due in the Statement of Activities.	303
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	408,840
Debt Premium/Discount	4,129
Compensated Absences do not require the use of current financial resources and, therefore, are not accrued in the fund statements.	(3,280)
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	(117,147)
Grant Income	<u>5,469</u>
Change in Net Position of Governmental Activities	<u>\$ 497,305</u>

CITY OF SPRINGFIELD, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	<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>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts Payable	\$ 115,695	\$ 5,197	\$ -	\$ 44,173	\$ 165,065
Due to Other Funds	84,465	126,613	-	-	211,078
Accrued Interest	2,469	15,671	1,180	-	19,320
Accrued Payroll	20,203	209	-	3,127	23,539
Due to Other Governments	503,095	-	-	728	503,823
Accrued Compensated Absences	10,370	-	-	-	10,370
Customer Deposits	24,850	19,730	-	-	44,580
Unearned Revenue	-	4,435	-	-	4,435
Current Amount of Long-Term Debt	<u>218,352</u>	<u>95,000</u>	<u>38,033</u>	<u>-</u>	<u>351,385</u>
Total Current Liabilities	<u>979,499</u>	<u>266,855</u>	<u>39,213</u>	<u>48,028</u>	<u>1,333,595</u>
LONG-TERM LIABILITIES					
Net Pension Liability	560,647	4,473	-	2,087	567,207
Bonds and Notes Payable	1,143,187	1,300,000	535,597	-	2,978,784
Unamortized Bond Premium	<u>59,838</u>	<u>-</u>	<u>25,300</u>	<u>-</u>	<u>85,138</u>
Total Long-Term Liabilities	<u>1,763,672</u>	<u>1,304,473</u>	<u>560,897</u>	<u>2,087</u>	<u>3,631,129</u>
TOTAL LIABILITIES	<u>2,743,171</u>	<u>1,571,328</u>	<u>600,110</u>	<u>50,115</u>	<u>4,964,724</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Pensions	<u>192,482</u>	<u>673</u>	<u>-</u>	<u>1,593</u>	<u>194,748</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>192,482</u>	<u>673</u>	<u>-</u>	<u>1,593</u>	<u>194,748</u>
NET POSITION					
Net Investment in Capital Assets	5,842,121	35,526	183,531	72,008	6,133,186
Unrestricted (Deficit)	<u>4,322,216</u>	<u>(45,658)</u>	<u>248,629</u>	<u>121,316</u>	<u>4,646,503</u>
Total Net Position (Deficit)	<u>10,164,337</u>	<u>(10,132)</u>	<u>432,160</u>	<u>193,324</u>	<u>10,779,689</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$13,099,990</u>	<u>\$ 1,561,869</u>	<u>\$ 1,032,270</u>	<u>\$ 245,032</u>	<u>\$15,939,161</u>

CITY OF SPRINGFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Public Utilities Commission	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	Total
OPERATING REVENUES					
Sales	\$ 3,064,557	\$ -	\$ 96,258	\$ -	\$ 3,160,815
Charges for Services	575,099	-	-	237,190	812,289
Rental Income	-	234,193	-	-	234,193
Other Revenues	43,286	-	-	-	43,286
Total Operating Revenues	<u>3,682,942</u>	<u>234,193</u>	<u>96,258</u>	<u>237,190</u>	<u>4,250,583</u>
OPERATING EXPENSES					
Salaries	378,225	6,636	-	75,022	459,883
Depreciation	410,828	63,837	7,045	23,587	505,297
Insurance	-	17,060	-	4,286	21,346
Repairs, Maintenance and Supplies	-	9,346	-	23,984	33,330
Utilities	-	3,111	-	-	3,111
Miscellaneous	-	16	-	-	16
Transmission and Distribution	139,484	-	-	-	139,484
Power Production and Pumping	463,844	-	-	-	463,844
Purification	12,643	-	-	-	12,643
General and Administrative	358,060	-	-	-	358,060
Sewage Collection and Disposal	121,079	-	-	-	121,079
Other Services and Charges	-	38,587	10,677	158,733	207,997
Purchases and generation	1,102,723	-	-	-	1,102,723
Total Operating Expenses	<u>2,986,886</u>	<u>138,593</u>	<u>17,722</u>	<u>285,612</u>	<u>3,428,813</u>
NET OPERATING INCOME (LOSS)	<u>696,056</u>	<u>95,600</u>	<u>78,536</u>	<u>(48,422)</u>	<u>821,770</u>
NON OPERATING INCOME AND EXPENSE					
Interest Income	25,593	299	1,849	422	28,163
Gain on Sale of Capital Assets	5,650	-	-	-	5,650
Refunds and Reimbursements	1,078	-	-	-	1,078
Insurance Proceeds	-	-	-	110	110
Contributions and Other	-	-	-	21,239	21,239
Grant Income	16,216	-	-	4	16,220
Miscellaneous Income	14,607	3,485	-	-	18,092
Interest Expense	(30,179)	(45,901)	(13,088)	-	(89,168)
Bad Debt Expense	-	-	-	(85,000)	(85,000)
Net Non Operating Income and Expense	<u>32,965</u>	<u>(42,117)</u>	<u>(11,239)</u>	<u>(63,225)</u>	<u>(83,616)</u>
INCOME (LOSS) BEFORE TRANSFERS	729,021	53,483	67,297	(111,647)	738,154
Transfer In	119,690	-	47,607	20,570	187,867
Transfer Out	(39,999)	-	-	-	(39,999)
CHANGE IN NET POSITION	808,712	53,483	114,904	(91,077)	886,022
NET POSITION (DEFICIT) - January 1	<u>9,355,625</u>	<u>(63,615)</u>	<u>317,256</u>	<u>284,401</u>	<u>9,893,667</u>
NET POSITION (DEFICIT) - December 31	<u>\$10,164,337</u>	<u>\$ (10,132)</u>	<u>\$ 432,160</u>	<u>\$ 193,324</u>	<u>\$ 10,779,689</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, 2022

	Public Utilities <u>Commission</u>	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 3,701,705	\$ 232,133	\$ 96,258	\$ 257,594	\$ 4,287,690
Payments to Vendors	(2,354,308)	(60,323)	(10,677)	(147,269)	(2,572,577)
Payments to Employees	(336,736)	(6,057)	-	(73,675)	(416,468)
Other Receipts and Payments	<u>15,685</u>	<u>3,485</u>	<u>-</u>	<u>21,349</u>	<u>40,519</u>
Net Cash Provided By Operating Activities	<u>1,026,346</u>	<u>169,238</u>	<u>85,581</u>	<u>57,999</u>	<u>1,339,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Note Receivable	8,403	-	-	-	8,403
Intergovernmental Operating Grants Received	9,238	-	-	-	9,238
Transfer to Other Funds	79,691	-	47,607	20,570	147,868
Due to (from) Other Funds	<u>(35,800)</u>	<u>(8,387)</u>	<u>(1,818)</u>	<u>(1,500)</u>	<u>(47,505)</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>61,532</u>	<u>(8,387)</u>	<u>45,789</u>	<u>19,070</u>	<u>118,004</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of Capital Assets	(238,387)	-	(46,092)	(18,453)	(302,932)
Taxes and Assessments Collected	35,116	-	-	-	35,116
Principal Paid on Capital Debt	(63,727)	(95,000)	(22,433)	-	(181,160)
Principal Paid on Due to Debt Service Fund	(36,073)	(47,083)	(14,994)	-	(98,150)
Gain (Loss) on Disposal of Capital Assets	5,650	-	-	-	5,650
Bad Debt Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,000)</u>	<u>(85,000)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(297,421)</u>	<u>(142,083)</u>	<u>(83,519)</u>	<u>(103,453)</u>	<u>(626,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	<u>18,891</u>	<u>299</u>	<u>1,257</u>	<u>447</u>	<u>20,894</u>
Net Cash Provided By Investing Activities	<u>18,891</u>	<u>299</u>	<u>1,257</u>	<u>447</u>	<u>20,894</u>
NET INCREASE (DECREASE) IN CASH	809,348	19,067	49,108	(25,937)	851,586
CASH AND CASH EQUIVALENTS - January 1	<u>3,332,624</u>	<u>102,824</u>	<u>208,767</u>	<u>134,491</u>	<u>3,778,706</u>
CASH AND CASH EQUIVALENTS - December 31	<u>\$ 4,141,972</u>	<u>\$ 121,891</u>	<u>\$ 257,875</u>	<u>\$ 108,554</u>	<u>\$ 4,630,292</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, 2022

	Public Utilities Commission	610 - Rental Housing	651 - Storm Sewer Utility	608 - Community Ambulance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities					
Operating Income (Loss)	\$ 696,056	\$ 95,600	\$ 78,536	\$ (48,422)	\$ 821,770
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities					
Depreciation	410,828	63,837	7,045	23,587	505,297
Noncash Pension Expense	40,270	428	-	43	40,741
Changes in Assets and Liabilities					
Receivables	18,413	-	-	20,404	38,817
Inventory	(166,295)	-	-	-	(166,295)
Prepaid Expenses	5,845	5,394	-	(57)	11,182
Accounts Payable	3,975	2,403	-	39,791	46,169
Accrued Wages	1,168	151	-	1,304	2,623
Accrued Compensated Absences	51	-	-	-	51
Customer Deposits	350	(910)	-	-	(560)
Unearned Revenue	-	(1,150)	-	-	(1,150)
Other Receipts and Payments	15,685	3,485	-	21,349	40,519
Net Cash Provided By Operating Activities	<u>\$ 1,026,346</u>	<u>\$ 169,238</u>	<u>\$ 85,581</u>	<u>\$ 57,999</u>	<u>\$ 1,339,164</u>

CITY OF SPRINGFIELD, MINNESOTA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2022

	<u>Private-Purpose Trust Funds</u>			<u>Custodial Fund</u>	<u>Total</u>
	801 - Altermatt Trust	803 - Rothenburg Trust	804 - Roiger Trust	871 - State	
ASSETS:					
Cash and Investments	\$ 546,630	\$ 107,538	\$ 113,769	\$ 5,025	\$ 772,962
Interest Receivable	1,680	174	-	-	1,854
Total Assets	<u>\$ 548,310</u>	<u>\$ 107,712</u>	<u>\$ 113,769</u>	<u>\$ 5,025</u>	<u>\$ 774,816</u>
LIABILITIES:					
Due to Other Governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,025</u>	<u>\$ 5,025</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,025</u>	<u>5,025</u>
NET POSITION:					
Restricted by Individuals and Other Governments	<u>548,310</u>	<u>107,712</u>	<u>113,769</u>	<u>-</u>	<u>769,791</u>
Total Net Position	<u>548,310</u>	<u>107,712</u>	<u>113,769</u>	<u>-</u>	<u>769,791</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 548,310</u>	<u>\$ 107,712</u>	<u>\$ 113,769</u>	<u>\$ 5,025</u>	<u>\$ 774,816</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, 2022

	<u>Private-Purpose Trust Funds</u>			<u>Custodial Fund</u>	<u>Total</u>
	<u>801 - Altermatt Trust</u>	<u>803 - Rothenburg Trust</u>	<u>804 - Roiger Trust</u>	<u>871 - State</u>	
ADDITIONS					
Fees Collected on Behalf of State	\$ -	\$ -	\$ -	\$ 1,551,438	\$ 1,551,438
Interest Income	<u>6,646</u>	<u>507</u>	<u>548</u>	<u>-</u>	<u>7,701</u>
Total Revenues	<u>6,646</u>	<u>507</u>	<u>548</u>	<u>1,551,438</u>	<u>1,559,139</u>
DEDUCTIONS					
Payments to State	-	-	-	1,551,438	1,551,438
Payments for Contracted Services	<u>16,400</u>	<u>-</u>	<u>107,401</u>	<u>-</u>	<u>123,801</u>
Total Expenditures	<u>16,400</u>	<u>-</u>	<u>107,401</u>	<u>1,551,438</u>	<u>1,675,239</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(9,754)	507	(106,853)	-	(116,100)
NET POSITION - January 1	<u>558,064</u>	<u>107,205</u>	<u>220,622</u>	<u>-</u>	<u>885,891</u>
NET POSITION - December 31	<u>\$ 548,310</u>	<u>\$ 107,712</u>	<u>\$ 113,769</u>	<u>\$ -</u>	<u>\$ 769,791</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 five-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: public safety, streets and highways, public health and welfare, culture, recreation, economic development, electric utility, waterworks, sanitary sewer, storm sewer 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. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government.

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Government-Wide and Fund Financial Statements (Cont.)

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.

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 liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position 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.

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.)

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.

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.
- 2021B G.O. Improvement Bonds - The 2021B G.O. Improvement Bonds Fund accounts for the resources and expenditures related to the 2021B G.O. Improvement Bond.

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.

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.)

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.

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Deposits and Investments (Cont.)

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.

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 2022. 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.

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 Utilities is 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. 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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

N. Capital Assets (Cont.)

For financial statement purposes only, capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one years.

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.

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, 2022 was \$53,322.

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 15, 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 budgeted funds had expenditures in excess of appropriations for the year ended December 31, 2022.

<u>Function Area</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Public Safety	\$ 655,501	\$ 706,954	\$ (51,453)
Public Works	\$ 256,368	\$ 271,483	\$ (15,115)
Culture and Recreation	\$ 422,054	\$ 535,775	\$ (113,721)
Miscellaneous	\$ 41,388	\$ 94,211	\$ (52,823)

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2022:

Rental Housing	(10,132)
Martha Anderson Vet Park	(3,418)
FEMA Safe Room Project	(3,720)

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 \$8,880,537 and the bank balance was \$8,864,072 including certificates of deposits of \$3,036,686. Of the bank balance, \$3,489,418 was covered by federal depository insurance. Of the remaining balance, \$5,356,654 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

B. Investments

As of December 31, 2022, 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	\$ 1,939,681	\$ -	\$ 1,939,681	\$ -
Total	\$ 1,939,681	\$ -	\$ 1,939,681	\$ -

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 Assets follows:

Total Deposits	\$	8,880,537
Total Investments		1,939,681
Total Cash on Hand		550
	\$	<u>10,820,768</u>
Statement of Net Assets		
Primary Government	\$	9,861,481
Component Unit		186,325
Fiduciary Funds		772,962
	\$	<u>10,820,768</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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, 2022 is \$141,934 net of allowance of \$354,448. These notes are unsecured.

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, 2022 is \$416,871. 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 \$348,551. Of the balance, \$68,320 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, 2022 was \$491,597.

5. DUE TO AND FROM OTHER FUNDS

Due to and from other funds at December 31, 2022, follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 7,167	\$ 31,171
Nonmajor Governmental Funds	86,244	116,876
Public Utilities Commission	122,459	84,465
Rental Housing Fund	-	126,613
Storm Sewer Utility Fund	16,642	-
EDA Fund	126,613	-
	<u>\$ 359,125</u>	<u>\$ 359,125</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	\$ 14,162	\$ -
Special assessments receivable	1,385	-
Loans Receivable	-	1,400
Medical Center		
Prepaid Rent	-	1,730
2021B G.O. Improvement Bonds		
Special assessments receivable	782,594	-
Nonmajor Governmental Funds		
Special assessments receivable	569,322	-
Loans	-	18,880
Total	<u>\$ 1,367,463</u>	<u>\$ 22,010</u>

7. TRANSFERS

Transfers to and from other funds at December 31, 2022, follows:

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 215,033	\$ 48,046
Nonmajor Governmental Funds	213,071	232,191
Public Utilities Commission	40,000	119,690
Storm Sewer Fund	-	47,607
Community Ambulance Fund	-	20,570
	<u>\$ 468,104</u>	<u>\$ 468,104</u>

- The Nonmajor Governmental Funds transferred \$8,046 to the General Fund and \$31,519 to other Nonmajor Governmental Funds for the current year project costs.
- The General Fund transferred \$58,736 to the Nonmajor Governmental Funds for future capital purchases.
- The Nonmajor Governmental Funds transferred \$6,098 to other Nonmajor Governmental Funds to repay initial project costs with excess funds after debt paid in full.
- The Nonmajor Governmental Funds transferred \$167,297 to the Public Utilities Commission fund to allocate current year capital assets.
- The Nonmajor Governmental Funds transferred \$111 to other Nonmajor Governmental Funds to close out a project fund into the related debt fund.
- The General Fund transferred \$156,297 to Nonmajor Governmental Funds for operating purposes.
- The Public Utilities Commission transferred \$40,000 to the General Fund for payment in lieu of taxes.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS

Governmental Activities - Capital asset activity for the year ended December 31, 2022 was as follows:

	<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	\$ 730,218	\$ -	\$ -	\$ 730,218
Construction in Progress	<u>3,137,275</u>	<u>740,640</u>	<u>(3,611,555)</u>	<u>266,360</u>
Subtotal	<u>3,867,493</u>	<u>740,640</u>	<u>(3,611,555)</u>	<u>996,578</u>
Other Capital Assets:				
Buildings	10,987,862	56,486	-	11,044,348
Infrastructure and Improvements	12,453,142	102,728	3,366,336	15,922,206
Machinery and Equipment	<u>4,073,584</u>	<u>96,520</u>	<u>245,219</u>	<u>4,415,323</u>
Subtotal	<u>27,514,588</u>	<u>255,734</u>	<u>3,611,555</u>	<u>31,381,877</u>
Less: Accumulated Depreciation				
Buildings	4,217,063	351,569	-	4,568,632
Infrastructure and Improvements	7,944,294	359,924	-	8,304,218
Machinery and Equipment	<u>2,627,984</u>	<u>449,774</u>	<u>-</u>	<u>3,077,758</u>
Subtotal	<u>14,789,341</u>	<u>1,161,267</u>	<u>-</u>	<u>15,950,608</u>
Net Other Capital Assets	<u>12,725,247</u>	<u>(905,533)</u>	<u>3,611,555</u>	<u>15,431,269</u>
Net Capital Assets	<u>\$ 16,592,740</u>	<u>\$ (164,893)</u>	<u>\$ -</u>	<u>\$ 16,427,847</u>

Business-Type Activities - The following is a summary of business-type activities capital assets at December 31, 2022

	<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	\$ 215,355	\$ -	\$ -	\$ 215,355
Construction in Progress	<u>1,800,299</u>	<u>166,651</u>	<u>1,966,950</u>	<u>-</u>
Subtotal	<u>2,015,654</u>	<u>166,651</u>	<u>1,966,950</u>	<u>215,355</u>
Other Capital Assets:				
Buildings	7,713,183	-	-	7,713,183
Infrastructure and Improvements	9,635,650	1,445,844	(560,344)	11,641,838
Machinery and Equipment	<u>6,413,379</u>	<u>107,042</u>	<u>-</u>	<u>6,520,421</u>
Subtotal	<u>23,762,212</u>	<u>1,552,886</u>	<u>(560,344)</u>	<u>25,875,442</u>
Less: Accumulated Depreciation				
Buildings	4,955,742	137,387	-	5,093,129
Infrastructure and Improvements	5,231,737	257,599	-	5,489,336
Machinery and Equipment	<u>5,934,672</u>	<u>110,305</u>	<u>-</u>	<u>6,044,977</u>
Subtotal	<u>16,122,151</u>	<u>505,291</u>	<u>-</u>	<u>16,627,442</u>
Net Other Capital Assets	<u>7,640,061</u>	<u>1,047,595</u>	<u>(560,344)</u>	<u>9,248,000</u>
Net Capital Assets	<u>\$ 9,655,715</u>	<u>\$ 1,214,246</u>	<u>\$ 1,406,606</u>	<u>\$ 9,463,355</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN FIXED ASSETS (Cont.)

Component Unit Fixed Assets - The following is a summary of component unit type fixed assets at December 31, 2022

	<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	\$	26,273
Public Safety		325,874
Public Works		357,974
Culture and Recreation		177,456
Medical Center		212,187
Airport		<u>61,503</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,161,267</u></u>
Business-Type Activities:		
Water Fund	\$	55,091
Sewer Fund		108,575
Electric Fund		247,157
Ambulance Fund		23,587
Rental Housing		63,836
Storm Sewer Utility		<u>7,045</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>505,291</u></u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

9. FUND BALANCE

A. Classifications

	General Fund	Medical Center	2021B G.O. Improvement Bonds	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventory	\$ 214	\$ -	\$ -	\$ -	\$ 214
Prepaid Expenses	59,307	15,246	-	11,396	85,949
Total Nonspendable	59,521	15,246	-	11,396	86,163
Restricted for:					
Debt Service	-	-	289,350	607,855	897,205
Economic Development	-	-	-	95,596	95,596
Capital Improvements	-	349,154	-	693,841	1,042,995
Total Restricted	-	349,154	289,350	1,397,292	2,035,796
Committed to:					
Capital Projects	-	-	-	799,535	799,535
Total Committed	-	-	-	799,535	799,535
Assigned to:					
Capital Outlay and Improvements	81,587	-	-	-	81,587
Medical Center	-	803,021	-	-	803,021
Community Center	-	-	-	399,615	399,615
Library	-	-	-	156,832	156,832
Dare Program	11,228	-	-	-	11,228
Total Assigned	92,815	803,021	-	556,447	1,452,283
Unassigned	1,052,920	-	-	(7,138)	1,045,782
Total	\$ 1,205,256	\$ 1,167,421	\$ 289,350	\$ 2,757,532	\$ 5,419,559

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, 2022, the unassigned fund balance of the General Fund was 50.1% of the subsequent year's budgeted expenditures

10. LEASE RECEIVABLE

The following is a summary of capital lease transactions of the City for the year ended December 31, 2022.

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	\$ -	\$ 50,398
Office Space	12/1/22	2 years	\$ 1,100	2.00 %	\$ 25,901	-	24,801
Coop Creamery	11/18/20	15 years	\$ 9,500	2.00 %	\$ 117,310	-	107,810
Airport Land	3/1/21	3 years	\$ 33,210	2.00 %	\$ 65,769	-	32,559
Total Lease Receivable Agreements						\$ -	\$ 215,568

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.

Capital Leases outstanding at December 31, 2022 are comprised of the following issue:

The annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Capital Lease</u>		
	<u>Governmental Funds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 46,509	\$ 3,755	\$ 50,264
2024	14,230	2,824	17,054
2025	14,516	2,538	17,054
2026	14,808	2,246	17,054
2027	15,105	1,949	17,054
2028-2032	83,002	5,667	88,669
2033-2037	<u>27,398</u>	<u>1,104</u>	<u>28,502</u>
Total	<u>\$ 215,568</u>	<u>\$ 20,083</u>	<u>\$ 235,651</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, 2022.

	<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	\$ 200,000	\$ -	\$ 20,000	\$ 180,000	\$ 20,000
G.O. Improvement Bonds	4,978,670	-	333,840	4,644,830	1,128,616
G.O. Tax Abatement Bonds	166,425	-	55,000	111,425	8,494
G.O. Revenue Bonds	2,021,330	-	86,160	1,935,170	256,385
G.O. Revenue Notes	<u>1,490,000</u>	<u>-</u>	<u>95,000</u>	<u>1,395,000</u>	<u>95,000</u>
Totals	<u>\$ 8,856,425</u>	<u>\$ -</u>	<u>\$ 590,000</u>	<u>\$ 8,266,425</u>	<u>\$ 1,508,495</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 and General Obligation Revenue Notes issued by the business-type activities are expected to be liquidated by the related enterprise funds.

Bonds outstanding at December 31, 2022 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.

\$ 180,000

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.	400,000
\$1,583,652 G.O. Improvement Bonds of 2015A, due in annual installments of \$45,000 to \$165,000 through December 15, 2028, plus interest from 1.2 - 3.00% due in semi-annual installments.	811,046
\$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.	857,620
\$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.	2,576,164
\$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>111,425</u>
Total Governmental Activities	<u>4,936,255</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.	1,283,836
\$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.	512,380
\$1,855,000 G.O. Improvement Bonds of 2015A, due in annual installments of \$45,000 to \$165,000 through December 15, 2028, plus interest at 1.2 - 3.0%; due in semi-annual installments.	138,954
\$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.	995,000
\$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.	<u>400,000</u>
Total Business-Type Activities	<u>3,330,170</u>
Total Long-Term Debt	<u>\$ 8,266,425</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 Governmental Activities			G.O. Improvement Bonds Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
	2023	\$ 8,494	\$ 1,210	\$ 9,704	\$ 445,624	\$ 117,890
2024	7,684	2,020	9,704	461,359	105,356	566,715
2025	7,838	1,866	9,704	472,095	92,109	564,204
2026	7,996	1,708	9,704	483,767	77,993	561,760
2027	8,156	1,548	9,704	385,234	63,227	448,461
2028-2032	43,307	5,213	48,520	1,498,427	172,943	1,671,370
2033-2037	27,950	982	28,932	898,324	40,478	938,802
2038-2042	-	-	-	-	-	-
Total	<u>\$ 111,425</u>	<u>\$ 14,547</u>	<u>\$ 125,972</u>	<u>\$ 4,644,830</u>	<u>\$ 669,996</u>	<u>\$ 5,314,826</u>

	G.O. Improvement Bonds Business-Type Activities			G.O. Bonds Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
	2023	\$ 139,375	\$ 47,621	\$ 186,996	\$ 20,000	\$ 4,830
2024	143,640	43,616	187,256	20,000	4,230	24,230
2025	147,905	39,442	187,347	20,000	3,630	23,630
2026	151,232	35,099	186,331	20,000	3,030	23,030
2027	154,767	30,608	185,375	20,000	2,430	22,430
2028-2032	741,571	90,166	831,737	80,000	3,240	83,240
2033-2037	456,681	20,462	477,143	-	-	-
2038-2042	-	-	-	-	-	-
Total	<u>\$1,935,171</u>	<u>\$ 307,014</u>	<u>\$2,242,185</u>	<u>\$ 180,000</u>	<u>\$ 21,390</u>	<u>\$ 201,390</u>

	G.O. Revenue Bond Business-Type Activities		
	Principal	Interest	Total
	2023	\$ 95,000	\$ 42,311
2024	100,000	39,508	139,508
2025	100,000	36,548	136,548
2026	110,000	33,588	143,588
2027	105,000	30,361	135,361
2028-2032	580,000	102,326	682,326
2033-2037	250,000	26,239	276,239
2038-2042	<u>55,000</u>	<u>2,593</u>	<u>57,593</u>
Total	<u>\$ 1,395,000</u>	<u>\$ 313,474</u>	<u>\$ 1,708,474</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 2022 was \$115,727.

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 and 356. 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 Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the City of Springfield, Minnesota are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief associations that elected to merge with and transfer assets and administration to PERA.

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.

1. General Employees Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated member is 1.2 percent for each of the first ten years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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. 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. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

B. Benefits Provided (Cont.)

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be 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 sets the rates for employer and employee contributions. Contribution rates can only be modified by that state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 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, 2022, were \$81,761. 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 member's were required to contribute 11.80% of their annual covered salary in fiscal year 2021 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, 2022, were \$55,942. The City of Springfield, Minnesota contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022, the City of Springfield, Minnesota reported a liability of \$1,227,605 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 \$36,093.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

The net pension liability was measured as of June 30, 2022 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 share 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City of Springfield, Minnesota proportionate share was 0.0155% at the end of the measurement period and 0.0152% for the beginning of the period.

City of Springfield proportionate share of the net pension liability	\$ 1,227,605
State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield	<u>36,093</u>
Total	<u>\$ 1,263,698</u>

For the year ended December 31, 2022, the City of Springfield, Minnesota recognized pension expense of \$193,322 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Springfield, Minnesota recognized an additional \$5,393 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.

At December 31, 2022, the City of Springfield, Minnesota reported its proportionate share of the General Employees Plan's 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	\$ 10,254	\$ 12,860
Changes in actuarial assumptions	272,614	4,896
Net collective difference between projected and actual investment earnings	29,396	-
Changes in proportion	23,568	-
Contributions paid to PERA subsequent to the measurement date	<u>38,731</u>	<u>-</u>
Total	<u>\$ 374,563</u>	<u>\$ 17,756</u>

The \$38,731 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Pension Expense Amount</u>
2023	\$ 124,569
2024	\$ 115,380
2025	\$ (32,891)
2026	\$ 111,018
2027	\$ -
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, 2022, the City of Springfield, Minnesota reported a liability of \$1,092,263 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City of Springfield, Minnesota proportionate share was 0.0251% at the end of the measurement period and 0.0247% for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. 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 is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2022, the City of Springfield, Minnesota recognized pension expense of \$213,283 for its proportionate share of the Police and Fire Fund's pension expense. The City of Springfield, Minnesota recognized \$2,529 as grant revenue 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 \$9 million in supplemental state aid. The City of Springfield, Minnesota also recognized \$9,257 for the year ended December 31, 2022 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, 2022, the City of Springfield, Minnesota reported its proportionate share of the Police and Fire Fund's 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	\$ 68,366	\$ 112
Changes in actuarial assumptions	643,408	10,827
Net collective difference between projected and actual investment earnings	23,717	-
Changes in proportion	30,296	34,376
Contributions paid to PERA subsequent to the measurement date	<u>26,927</u>	<u>-</u>
Total	<u>\$ 792,714</u>	<u>\$ 45,315</u>

The \$38,731 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, 2023. 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>
2023	\$ 142,733
2024	\$ 137,108
2025	\$ 124,581
2026	\$ 224,657
2027	\$ 91,373
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 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 in the June 30, 2022, actuarial valuation was determined using an individual 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 6.5%. This 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 deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employee Plan, 2.25% for the Police and Fire Plan and 2.25% for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 2% for the Correctional Plan through December 31, 2054 and 1.5% thereafter. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

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.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions (Cont.)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changed in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. 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 assumption, the fiduciary net position of the General Employees Fund was 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.

In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund and June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund and 5.42% for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

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 <u>Rate (5.5%)</u>	Discount <u>Rate (6.5%)</u>	1% Increase in Discount <u>Rate (7.5%)</u>
General Employees Fund:	\$ 1,939,067	\$ 1,227,605	\$ 644,097
	1% Decrease in Discount <u>Rate (4.4%)</u>	Discount <u>Rate (5.4%)</u>	1% Increase in Discount <u>Rate (6.4%)</u>
Police and Fire Fund	\$ 1,652,985	\$ 1,092,253	\$ 638,935

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.

14. DEFINED BENEFIT PENSION PLANS – SPRINGFIELD 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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

DEFINED CONTRIBUTION PLAN (Cont.)

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

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 \$27,650 in fire state aid to the fund for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City had no required annual contribution for December 31, 2022.

D. Pension Costs

At December 31, 2022, the City of Springfield, Minnesota reported a net pension asset of \$57,056 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2022. 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	\$ 404,666	\$ 504,447	\$ (99,781)
Changes for the Year			
Service Cost	19,202	-	19,202
TPL Interest	24,372	-	24,372
Projected Investment Earnings	-	29,532	(29,532)
Contributions (ER/State)	-	27,650	(27,650)
Difference between Projected and Actual			
Investment Earnings	(4,223)	21,603	(25,826)
Plan Changes	66,829	-	66,829
Assumption Changes	5,980	-	5,980
Administrative Fee	-	(9,350)	9,350
Net Changes	<u>112,160</u>	<u>69,435</u>	<u>42,725</u>
Balance End of Year December 31, 2022	<u>\$ 516,826</u>	<u>\$ 573,882</u>	<u>\$ (57,056)</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

DEFINED CONTRIBUTION PLAN (Cont.)

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

D. Pension Costs (Cont.)

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

For the year ended December 31, 2022 the City of Springfield, Minnesota recognized pension expense of \$58,410.

At December 31, 2022 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	\$ 5,436	\$ -
Difference between projected and actual investment earnings	-	13,730
Net collective difference between projected and actual investment earnings	-	44,986
Contributions paid to Relief subsequent to the measurement date	<u>29,747</u>	<u>-</u>
Total	<u>\$ 35,183</u>	<u>\$ 58,716</u>

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2022	\$ (10,691)
2024	\$ (22,563)
2025	\$ (10,642)
2026	\$ (5,397)
Thereafter	\$ (3,987)

E. Actuarial Assumptions

The total pension liability in the December 31, 2022, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 5.75 percent
- Inflation rate of 3.0 percent

F. Discount Rate

The discount rate used to measure the total pension liability was 5.75%. 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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

DEFINED CONTRIBUTION PLAN (Cont.)

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

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:

	1% Decrease in Discount Rate (4.25%)	Discount Rate (5.25%)	1% Increase in Discount Rate (6.25%)
Net Pension Liability (Asset)	\$ (43,171)	\$ (57,056)	\$ (70,447)

H. Plan Investments Policy

The long-term expected rate of return on pension plan investments is 6.25%. 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	10%	2.0%
Fixed Income	22%	4.0%
Equities	66%	7.5%
Real Estate	2%	6.0%

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 2022.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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.

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, 2022, the City has three 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 2008 with a developer. The developer incurred costs for the construction of an assisted living facility. In return, the City will reimburse the developer 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 a cap of \$9,000 and a maximum return to the developer of \$135,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statutes Section 469.1812-469.1815) and has a maximum duration dated to 2022.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

18. TAX ABATEMENTS (Cont.)

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>	<u>Amount of Taxes Abated During the Year</u>
St. Johns Lutheran Home	\$ 9,000
MAT Industries	18,000
Levy Abatement	33,273
Clements Lumber	2,000
Schwartz Farms, Inc	5,000
	<u>\$ 60,273</u>

19. SUBSEQUENT EVENTS

Management evaluated all activity of City of Springfield through June 20, 2023 (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, 2022
 With Comparative Amounts for the year ended December 31, 2021

	Original Budget	Final Budget	<u>2022</u> Actual	Variance with Final Budget	<u>2021</u> Actual
REVENUES:					
TAXES:					
General Property Taxes	\$ 891,787	\$ 891,787	\$ 894,946	\$ 3,159	\$ 922,653
Tax Increments	-	-	-	-	64
Special Assessments	-	-	-	-	1,146
Lodging Tax	<u>650</u>	<u>650</u>	<u>780</u>	<u>130</u>	<u>668</u>
Total Taxes	<u>892,437</u>	<u>892,437</u>	<u>895,726</u>	<u>3,289</u>	<u>924,531</u>
LICENSES AND PERMITS:					
Business	<u>11,860</u>	<u>11,860</u>	<u>14,650</u>	<u>2,790</u>	<u>11,765</u>
INTERGOVERNMENTAL REVENUE:					
FEMA Grants	-	-	-	-	95,706
Other Federal Grants	1,200	1,200	15,860	14,660	121,912
Local Government Aid	948,864	948,864	948,864	-	944,729
Market Value Credit	-	-	500	500	587
State Police Aid	37,000	37,000	34,223	(2,777)	41,367
State Fire Aid	28,000	28,000	29,747	1,747	27,650
Other State Grants	<u>33,795</u>	<u>33,795</u>	<u>26,553</u>	<u>(7,242)</u>	<u>150,425</u>
Total Intergovernmental Revenue	<u>1,048,859</u>	<u>1,048,859</u>	<u>1,055,747</u>	<u>6,888</u>	<u>1,382,376</u>
CHARGES FOR SERVICES:					
General Government	160,056	160,056	165,549	5,493	163,723
Public Safety	43,535	43,535	46,106	2,571	64,048
Streets and Highways	12,000	12,000	11,425	(575)	10,026
Culture and Recreation	40,500	40,500	37,684	(2,816)	43,558
Airport	<u>35,830</u>	<u>35,830</u>	<u>50,883</u>	<u>15,053</u>	<u>38,705</u>
Total Charges for Services	<u>291,921</u>	<u>291,921</u>	<u>311,647</u>	<u>19,726</u>	<u>320,060</u>
FINES AND FORFEITS	<u>2,800</u>	<u>2,800</u>	<u>1,017</u>	<u>(1,783)</u>	<u>3,093</u>
INTEREST INCOME	<u>3,000</u>	<u>3,000</u>	<u>3,065</u>	<u>65</u>	<u>1,831</u>
MISCELLANEOUS:					
Rental Income	-	-	93,907	93,907	-
Refunds and Reimbursements	-	-	14,407	14,407	35,229
Contributions and Donations	9,700	9,700	25,243	15,543	21,358
Sale of Property	-	-	3,405	3,405	15,000
Miscellaneous Income	<u>500</u>	<u>500</u>	<u>2,083</u>	<u>1,583</u>	<u>21,637</u>
Total Miscellaneous	<u>10,200</u>	<u>10,200</u>	<u>139,045</u>	<u>128,845</u>	<u>93,224</u>
TOTAL REVENUES	<u>2,261,077</u>	<u>2,261,077</u>	<u>2,420,897</u>	<u>159,820</u>	<u>2,736,880</u>
OTHER FINANCING SOURCES					
Transfer In	40,000	40,000	48,046	8,046	45,043
Issuance of Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,425</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,301,077</u>	<u>2,301,077</u>	<u>2,468,943</u>	<u>167,866</u>	<u>2,893,348</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022
 With Comparative Amounts for the year ended December 31, 2021

	<u>2022</u>			Variance with Final Budget	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
EXPENDITURES:					
GENERAL GOVERNMENT:					
Mayor and Council:					
Personnel Services	\$ 20,029	\$ 20,029	\$ 18,537	\$ 1,492	\$ 19,063
Other Current Expenditures	<u>43,423</u>	<u>43,423</u>	<u>42,976</u>	<u>447</u>	<u>37,067</u>
Total Mayor and Council	<u>63,452</u>	<u>63,452</u>	<u>61,513</u>	<u>1,939</u>	<u>56,130</u>
Election:					
Personnel Services	4,845	4,845	9,623	(4,778)	-
Other Current Expenditures	<u>1,490</u>	<u>1,490</u>	<u>1,099</u>	<u>391</u>	<u>-</u>
Total Election	<u>6,335</u>	<u>6,335</u>	<u>10,722</u>	<u>(4,387)</u>	<u>-</u>
Administrative and Finance:					
Personnel Services	395,346	395,346	376,917	18,429	369,138
Supplies	7,500	7,500	8,040	(540)	7,287
Other Current Expenditures	24,084	24,084	27,049	(2,965)	25,796
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,571</u>
Total Administrative and Finance	<u>426,930</u>	<u>426,930</u>	<u>412,006</u>	<u>14,924</u>	<u>409,792</u>
Deputy Registrar of Motor Vehicles:					
Current Expenditures	<u>43,564</u>	<u>43,564</u>	<u>48,520</u>	<u>(4,956)</u>	<u>42,551</u>
Total Deputy Registrar of Motor Vehicles	<u>43,564</u>	<u>43,564</u>	<u>48,520</u>	<u>(4,956)</u>	<u>42,551</u>
Treasurer:					
Current Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Employee Safety Committee	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Planning and Zoning:					
Current Expenditures	<u>125</u>	<u>125</u>	<u>68</u>	<u>57</u>	<u>557</u>
Total Planning and Zoning	<u>125</u>	<u>125</u>	<u>68</u>	<u>57</u>	<u>557</u>
Assessor Fees:					
Current Expenditures	<u>20,736</u>	<u>20,736</u>	<u>20,736</u>	<u>-</u>	<u>20,330</u>
Independent Auditing:					
Current Expenditures	<u>23,000</u>	<u>23,000</u>	<u>18,147</u>	<u>4,853</u>	<u>18,742</u>
Legal:					
Current Expenditures	<u>35,100</u>	<u>35,100</u>	<u>34,200</u>	<u>900</u>	<u>33,667</u>
Total Legal	<u>35,100</u>	<u>35,100</u>	<u>34,200</u>	<u>900</u>	<u>33,667</u>
Total General Government	<u>621,242</u>	<u>621,242</u>	<u>607,912</u>	<u>13,330</u>	<u>583,769</u>
PUBLIC SAFETY:					
Police Protection:					
Personnel Services	471,047	471,047	494,836	(23,789)	435,630
Supplies	21,850	21,850	27,494	(5,644)	17,146
Other Current Expenditures	<u>54,766</u>	<u>54,766</u>	<u>61,483</u>	<u>(6,717)</u>	<u>51,359</u>
Total Police Protection	<u>547,663</u>	<u>547,663</u>	<u>583,813</u>	<u>(36,150)</u>	<u>504,135</u>
Civil Defense:					
Current Expenditures	<u>1,670</u>	<u>1,670</u>	<u>21,182</u>	<u>(19,512)</u>	<u>9,133</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022
 With Comparative Amounts for the year ended December 31, 2021

	<u>2022</u>			Variance with Final Budget	<u>2021</u>
	Original Budget	Final Budget	Actual		Actual
EXPENDITURES (Cont.):					
PUBLIC SAFETY:					
Fire Protection:					
Personnel Services	\$ 62,550	\$ 62,550	\$ 55,758	\$ 6,792	\$ 60,551
Supplies	5,250	5,250	15,782	(10,532)	5,535
Other Current Expenditures	28,460	28,460	22,923	5,537	28,276
Capital Outlay	-	-	-	-	5,883
Total Fire Protection	<u>96,260</u>	<u>96,260</u>	<u>94,463</u>	<u>1,797</u>	<u>100,245</u>
Animal Control:					
Personnel Services	5,483	5,483	2,743	2,740	1,892
Supplies	400	400	1,122	(722)	4,934
Other Current Expenditures	4,025	4,025	3,631	394	-
Total Emergency Management					2,620
Planning	<u>9,908</u>	<u>9,908</u>	<u>7,496</u>	<u>2,412</u>	<u>9,446</u>
Total Public Safety	<u>655,501</u>	<u>655,501</u>	<u>706,954</u>	<u>(51,453)</u>	<u>622,959</u>
STREETS AND HIGHWAYS:					
Streets and Alleys:					
Personnel Services	97,548	97,548	95,812	1,736	-
Payroll Taxes and Benefits	-	-	-	-	97,825
Supplies	53,350	53,350	64,258	(10,908)	43,717
Other Current Expenditures	105,470	105,470	111,413	(5,943)	218,394
Total Streets and Alleys	<u>256,368</u>	<u>256,368</u>	<u>271,483</u>	<u>(15,115)</u>	<u>359,936</u>
Total Streets and Highways	<u>256,368</u>	<u>256,368</u>	<u>271,483</u>	<u>(15,115)</u>	<u>359,936</u>
CULTURE AND RECREATION:					
Administration and Boards:					
Personnel Services	102,190	102,190	103,208	(1,018)	105,712
Supplies	9,500	9,500	18,948	(9,448)	18,248
Other Current Expenditures	23,320	23,320	26,957	(3,637)	27,949
Capital Outlay	-	-	20,451	(20,451)	3,994
Total Administration and Boards	<u>135,010</u>	<u>135,010</u>	<u>169,564</u>	<u>(34,554)</u>	<u>155,903</u>
Swimming Pool:					
Personnel Services	60,852	60,852	60,686	166	56,344
Supplies	9,200	9,200	13,271	(4,071)	8,696
Other Current Expenditures	39,630	39,630	29,989	9,641	43,709
Total Swimming Pool	<u>109,682</u>	<u>109,682</u>	<u>103,946</u>	<u>5,736</u>	<u>108,749</u>
Library:					
Personnel Services	133,405	133,405	132,104	1,301	127,461
Other Current Expenditures	35,052	35,052	29,751	5,301	32,291
Capital Outlay	-	-	84,907	(84,907)	-
Total Library	<u>168,457</u>	<u>168,457</u>	<u>246,762</u>	<u>(78,305)</u>	<u>159,752</u>
Camping:					
Supplies	1,500	1,500	5,674	(4,174)	3,340
Other Current Expenditures	7,405	7,405	9,829	(2,424)	7,842
Total Camping	<u>8,905</u>	<u>8,905</u>	<u>15,503</u>	<u>(6,598)</u>	<u>11,182</u>
Total Culture and Recreation	<u>422,054</u>	<u>422,054</u>	<u>535,775</u>	<u>(113,721)</u>	<u>435,586</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BLANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022
 With Comparative Amounts for the year ended December 31, 2021

	<u>2022</u>			Variance with Final Budget	<u>2021</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
EXPENDITURES (Cont.):					
ECONOMIC DEVELOPMENT:					
Other Current Expenditures	\$ 83,473	\$ 83,473	\$ 82,273	\$ 1,200	\$ 15,000
MISCELLANEOUS:					
Airport					
Personnel Services	2,892	2,892	5,273	(2,381)	5,818
Other Current Expenditures	38,496	38,496	69,225	(30,729)	56,502
Airport	-	-	5,514	(5,514)	193,999
Current Expenditures	-	-	14,199	(14,199)	177,847
Total Miscellaneous	<u>41,388</u>	<u>41,388</u>	<u>94,211</u>	<u>(52,823)</u>	<u>434,166</u>
DEBT SERVICE					
Interest Payments	-	-	-	-	645
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>645</u>
TOTAL EXPENDITURES	<u>2,080,026</u>	<u>2,080,026</u>	<u>2,298,608</u>	<u>(218,582)</u>	<u>2,452,061</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>221,051</u>	<u>221,051</u>	<u>170,335</u>	<u>(50,716)</u>	<u>441,287</u>
OTHER FINANCING USES:					
Transfer Out	<u>(221,051)</u>	<u>(221,051)</u>	<u>(215,033)</u>	<u>6,018</u>	<u>(688,000)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(44,698)	(44,698)	(246,713)
FUND BALANCES - January 1	<u>1,249,954</u>	<u>1,249,954</u>	<u>1,249,954</u>	<u>-</u>	<u>1,496,667</u>
FUND BALANCES - December 31	<u>\$ 1,249,954</u>	<u>\$ 1,249,954</u>	<u>\$ 1,205,256</u>	<u>\$ (44,698)</u>	<u>\$ 1,249,954</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 PERA GENERAL EMPLOYEES RETIREMENT FUND
 DECEMBER 31, 2022

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, 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 %

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
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2022

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, 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 %

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
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
DECEMBER 31, 2022

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, 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 %

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
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
DECEMBER 31, 2022

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, 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 %

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
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
 AND RELATED RATIOS
 SPRINGFIELD FIRE DEPARTMENT RELIEF ASSOCIATION
 DECEMBER 31, 2022

Fiscal Year	2022	2021	2020	2019	2018
Total Pension Liability					
Service Cost	\$ 19,202	\$ 18,734	\$ 20,049	\$ 19,560	\$ 19,083
Interest Costs	24,37	24,41	26,76	26,568	24,875
Gain Loss	(4,223)	-	(13,599)	5,026	-
Benefit Payments	-	(88,800)	(56,512)	(30,000)	-
Changes in Assumptions	5,980	-	-	-	-
Change of Benefit Terms	<u>66,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	112,160	(45,649)	(23,301)	21,154	43,958
Total Pension Liability - Beginning	<u>404,666</u>	<u>450,315</u>	<u>473,616</u>	<u>457,488</u>	<u>413,530</u>
Total Pension Liability - Ending (a)	<u>\$ 516,826</u>	<u>\$ 404,666</u>	<u>\$ 450,315</u>	<u>\$ 478,642</u>	<u>\$ 457,488</u>
Plan Fiduciary Net Position					
Contributions State and Local	\$ 27,650	\$ 31,509	\$ 28,511	\$ 27,927	\$ 27,849
Projected Investment Return	29,532	27,788	25,806	28,844	25,177
Benefit Payments	-	(88,800)	(56,512)	(30,000)	-
Gain (Loss)	21,603	26,225	59,603	(59,363)	31,953
Pension Plan Administrative Expense	<u>(9,350)</u>	<u>(8,370)</u>	<u>(8,245)</u>	<u>(6,305)</u>	<u>(6,185)</u>
Net Change in Total Pension Liability	69,435	(11,648)	49,163	(38,897)	78,794
Plan Fiduciary Net Position - Beginning	<u>504,447</u>	<u>516,095</u>	<u>466,932</u>	<u>505,829</u>	<u>427,035</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 573,882</u>	<u>\$ 504,447</u>	<u>\$ 516,095</u>	<u>\$ 466,932</u>	<u>\$ 505,829</u>
Net Pension (Asset)/Liability - Ending (a) - (b)	<u>\$ (57,056)</u>	<u>\$ (99,781)</u>	<u>\$ (65,780)</u>	<u>\$ 11,710</u>	<u>\$ (48,341)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.04 %	124.66 %	114.61 %	97.55 %	- %

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
SCHEDULE OF CONTRIBUTIONS AND NET PENSION LIABILITY (ASSET)
AS A PERCENT OF PAYROLL
SPRINGFIELD DEPARTMENT RELIEF ASSOCIATION
DECEMBER 31, 2022

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, 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

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.

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2019 Changes

Change in Actuarial Assumptions

- The morality 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.

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

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- 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 morality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- 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.
- 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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
ASSETS:				
Cash and Investments	\$ 616,847	\$ 608,236	\$ 1,370,970	\$ 2,596,053
Accounts Receivable	15,690	108,835	-	124,525
Special Assessments Receivable	-	359,972	209,350	569,322
Interest Receivable	2,633	-	1,755	4,388
Notes Receivable	62,409	-	-	62,409
Due from Other Funds	25,811	-	60,434	86,245
Due from Other Governments	25,830	739	-	26,569
Lease Receivable	-	107,810	-	107,810
Prepaid Expense	11,396	-	-	11,396
TOTAL ASSETS	\$ 760,616	\$ 1,185,592	\$ 1,642,509	\$ 3,588,717
LIABILITIES:				
Accounts Payable	\$ 13,175	\$ -	\$ 3,441	\$ 16,616
Accrued Payroll	504	-	-	504
Due to Other Funds	903	108,835	7,138	116,876
Due to Other Governments	57	-	-	57
Unearned Revenue	18,880	-	-	18,880
Total Liabilities	33,519	108,835	10,579	152,933
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	-	359,972	209,350	569,322
Related to Leases	-	108,930	-	108,930
Total Deferred Inflows of Resources	-	468,902	209,350	678,252
FUND BALANCES:				
Nonspendable	11,396	-	-	11,396
Restricted	159,254	607,855	630,183	1,397,292
Committed	-	-	799,535	799,535
Assigned	556,447	-	-	556,447
Unassigned (Deficit)	-	-	(7,138)	(7,138)
Total Fund Balances	727,097	607,855	1,422,580	2,757,532
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 760,616	\$ 1,185,592	\$ 1,642,509	\$ 3,588,717

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
REVENUES				
Taxes	\$ 38,307	\$ 396,150	\$ 8,248	\$ 442,705
Intergovernmental Revenue	291,439	-	51,796	343,235
Charges for Services	110,934	3,629	-	114,563
Fines and Forfeits	412	-	-	412
Interest Income	5,776	2,384	11,644	19,804
Miscellaneous	<u>253,825</u>	<u>3,376</u>	<u>173,705</u>	<u>430,906</u>
Total Revenues	<u>700,693</u>	<u>405,539</u>	<u>245,393</u>	<u>1,351,625</u>
EXPENDITURES				
General Government	83,273	-	6,249	89,522
Public Safety	-	-	20,223	20,223
Streets and Highways	146,779	-	12,107	158,886
Culture and Recreation	309,819	-	25,499	335,318
Economic Development	-	17,048	-	17,048
Principal Payments	-	358,785	-	358,785
Interest Payments	-	75,674	-	75,674
Miscellaneous	-	1,014	-	1,014
Capital Outlay	<u>68,205</u>	<u>-</u>	<u>817,304</u>	<u>885,509</u>
Total Expenditures	<u>608,076</u>	<u>452,521</u>	<u>881,382</u>	<u>1,941,979</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	92,617	(46,982)	(635,989)	(590,354)
OTHER FINANCING SOURCES (USES)				
Transfer In	135,727	111	96,353	232,191
Transfer Out	<u>-</u>	<u>(6,098)</u>	<u>(206,973)</u>	<u>(213,071)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	228,344	(52,969)	(746,609)	(571,234)
FUND BALANCES - January 1	<u>498,753</u>	<u>660,824</u>	<u>2,169,189</u>	<u>3,328,766</u>
FUND BALANCES - December 31	<u>\$ 727,097</u>	<u>\$ 607,855</u>	<u>\$ 1,422,580</u>	<u>\$ 2,757,532</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2022

	210 - Library Board	220 - ARPA	228 - Recreation Complex	241 - Small Cities Grant II	242 - Small Cities Grant	278 - Community Center	Total
ASSETS							
Cash and Investments	\$ 160,412	\$ -	\$ 14,021	\$ 3,780	\$ 23,496	\$ 415,138	\$ 616,847
Accounts Receivable	-	-	-	5,911	-	9,779	15,690
Interest Receivable	-	-	-	-	-	2,633	2,633
Notes Receivable	-	-	-	8,879	53,530	-	62,409
Due from Other Funds	-	-	25,811	-	-	-	25,811
Due from Other Governments	-	-	25,830	-	-	-	25,830
Prepaid Expense	-	-	5,607	-	-	5,789	11,396
TOTAL ASSETS	\$ 160,412	\$ -	\$ 71,269	\$ 18,570	\$ 77,026	\$ 433,339	\$ 760,616
LIABILITIES							
Accounts Payable	\$ 3,553	\$ -	\$ 1,845	\$ -	\$ -	\$ 7,777	\$ 13,175
Accrued Payroll	-	-	-	-	-	504	504
Due to Other Funds	-	-	159	-	-	744	903
Due to Other Governments	27	-	-	-	-	30	57
Unearned Revenue	-	-	-	-	-	18,880	18,880
Total Liabilities	3,580	-	2,004	-	-	27,935	33,519
FUND BALANCES							
Nonspendable	-	-	5,607	-	-	5,789	11,396
Restricted	-	-	63,658	18,570	77,026	-	159,254
Assigned	156,832	-	-	-	-	399,615	556,447
Total Fund Balances	156,832	-	69,265	18,570	77,026	405,404	727,097
TOTAL LIABILITIES AND FUND BALANCES	\$ 160,412	\$ -	\$ 71,269	\$ 18,570	\$ 77,026	\$ 433,339	\$ 760,616

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	210 - Library Board	220 - ARPA	228 - Recreation Complex	241 - Small Cities Grant II	242 - Small Cities Grant	278 - Community Center	Total
REVENUES							
Taxes	-	-	-	-	-	\$ 38,307	\$ 38,307
Intergovernmental Revenue	16,951	201,164	-	73,324	-	-	291,439
Charges for Services	5,173	-	-	-	-	105,761	110,934
Fines and Forfeits	412	-	-	-	-	-	412
Interest Income	88	(1)	6	208	1,169	4,306	5,776
Miscellaneous	166,346	-	73,565	-	-	13,914	253,825
Total Revenues	<u>188,970</u>	<u>201,163</u>	<u>73,571</u>	<u>73,532</u>	<u>1,169</u>	<u>162,288</u>	<u>700,693</u>
EXPENDITURES							
General Government	-	12,354	-	67,769	3,150	-	83,273
Streets and Highways	-	146,779	-	-	-	-	146,779
Culture and Recreation	47,616	-	75,151	-	-	187,052	309,819
Capital Outlay	-	42,030	26,175	-	-	-	68,205
Total Expenditures	<u>47,616</u>	<u>201,163</u>	<u>101,326</u>	<u>67,769</u>	<u>3,150</u>	<u>187,052</u>	<u>608,076</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>141,354</u>	<u>-</u>	<u>(27,755)</u>	<u>5,763</u>	<u>(1,981)</u>	<u>(24,764)</u>	<u>92,617</u>
OTHER FINANCING SOURCES (USES)							
Transfer In	-	-	115,727	-	-	20,000	135,727
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	141,354	-	87,972	5,763	(1,981)	(4,764)	228,344
FUND BALANCES (DEFICIT) - January 1	<u>15,478</u>	<u>-</u>	<u>(18,707)</u>	<u>12,807</u>	<u>79,007</u>	<u>410,168</u>	<u>498,753</u>
FUND BALANCES - December 31	<u>\$ 156,832</u>	<u>\$ -</u>	<u>\$ 69,265</u>	<u>\$ 18,570</u>	<u>\$ 77,026</u>	<u>\$ 405,404</u>	<u>\$ 727,097</u>

**CITY OF SPRINGFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2022**

	321 - 2015A G.O. Improvement Bonds	322 - 2021B G.O. Bonds	323 - 2018A G.O. Improvement Bonds	327 - 2010A G.O. Bonds	328 - 2012A Tax Abatement Bonds	378 - TIF District 1-4	320 - 2021A G.O. Tax Abatement Bond	Total
ASSETS								
Cash and Investments	\$ 217,751	\$ 1,385	\$ 285,952	\$ 88,194	\$ -	\$ -	\$ 14,954	\$ 608,236
Accounts Receivable	-	-	-	-	-	108,835	-	108,835
Special Assessments Receivable	213,544	-	146,428	-	-	-	-	359,972
Due from Other Governments	514	-	225	-	-	-	-	739
Lease Receivable	-	-	-	-	-	-	107,810	107,810
TOTAL ASSETS	<u>\$ 431,809</u>	<u>\$ 1,385</u>	<u>\$ 432,605</u>	<u>\$ 88,194</u>	<u>\$ -</u>	<u>\$ 108,835</u>	<u>\$ 122,764</u>	<u>\$ 1,185,592</u>
LIABILITIES								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,835	\$ -	\$ 108,835
Total Liabilities	-	-	-	-	-	108,835	-	108,835
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	213,544	-	146,428	-	-	-	-	359,972
Related to Leases	-	-	-	-	-	-	108,930	108,930
Total Deferred Inflows of Resources	<u>213,544</u>	<u>-</u>	<u>146,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,930</u>	<u>468,902</u>
FUND BALANCES								
Restricted	218,265	1,385	286,177	88,194	-	-	13,834	607,855
Total Fund Balances	<u>218,265</u>	<u>1,385</u>	<u>286,177</u>	<u>88,194</u>	<u>-</u>	<u>-</u>	<u>13,834</u>	<u>607,855</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 431,809</u>	<u>\$ 1,385</u>	<u>\$ 432,605</u>	<u>\$ 88,194</u>	<u>\$ -</u>	<u>\$ 108,835</u>	<u>\$ 122,764</u>	<u>\$ 1,185,592</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, 2022

	321 - 2015A	322 - 2015B	323 - 2018A	327 - 2010A	328 - 2012A	378 - TIF	320 - 2021A	
	G.O.	G.O. Bonds	Improvement	G.O. Bonds	Tax	District 1-4	Abatement	Total
	Bonds	G.O. Bonds	Bonds	Bonds	Abatement	Bonds	Bonds	Total
REVENUES								
Taxes	\$ 142,140	\$ 26,702	\$ 86,457	\$ 92,211	\$ 24,778	\$ 13,672	\$ 10,190	\$ 396,150
Charges for Services	-	-	-	-	-	-	3,629	3,629
Interest Income	857	26	994	404	87	-	15	2,382
Miscellaneous	-	-	-	-	-	3,376	-	3,377
Total Revenues	<u>142,997</u>	<u>26,728</u>	<u>87,451</u>	<u>92,615</u>	<u>24,865</u>	<u>17,048</u>	<u>13,834</u>	<u>405,538</u>
EXPENDITURES								
Economic Development	-	-	-	-	-	17,048	-	17,048
Principal Payments	128,055	20,000	65,730	90,000	55,000	-	-	358,785
Interest Payments	24,117	5,430	28,747	16,115	1,265	-	-	75,674
Miscellaneous	495	24	-	495	-	-	-	1,014
Total Expenditures	<u>152,667</u>	<u>25,454</u>	<u>94,477</u>	<u>106,610</u>	<u>56,265</u>	<u>17,048</u>	<u>-</u>	<u>452,521</u>
EXCESS REVENUES OVER (UNDER)	(9,670)	1,274	(7,026)	(13,995)	(31,400)	-	13,834	(46,983)
EXPENDITURES								
OTHER FINANCING SOURCES (USES)								
Transfer In	-	111	-	-	-	-	-	111
Transfer Out	-	-	-	-	(6,098)	-	-	(6,098)
EXCESS REVENUES AND OTHER SOURCES	(9,670)	1,385	(7,026)	(13,995)	(37,498)	-	13,834	(52,970)
OVER (UNDER) EXPENDITURES AND								
OTHER USES								
FUND BALANCES - January 1	<u>227,935</u>	<u>-</u>	<u>293,203</u>	<u>102,189</u>	<u>37,497</u>	<u>-</u>	<u>-</u>	<u>660,824</u>
FUND BALANCES - December 31	<u>\$ 218,265</u>	<u>\$ 1,385</u>	<u>\$ 286,177</u>	<u>\$ 88,194</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 13,834</u>	<u>\$ 607,854</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2022

	405 - Martha Anderson Vet Park	408 - FEMA Safe Room Project	410 - Park Improvement Project	411 - Capital Improvement Projects	422 - Fire Truck	423 - Central Street Project	Total
ASSETS:							
Cash and Investments	\$ -	\$ -	\$ 27,273	\$ 773,948	\$ -	\$ 569,749	\$ 1,370,970
Special Assessments Receivable	-	-	-	209,350	-	-	209,350
Interest Receivable	-	-	-	1,755	-	-	1,755
Due from Other Funds	-	-	-	-	-	60,434	60,434
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,273</u>	<u>\$ 985,053</u>	<u>\$ -</u>	<u>\$ 630,183</u>	<u>\$ 1,642,509</u>
LIABILITIES:							
Accounts Payable	\$ -	\$ -	\$ 1,380	\$ 2,061	\$ -	\$ -	\$ 3,441
Due to Other Funds	3,418	3,720	-	-	-	-	7,138
Total Liabilities	<u>3,418</u>	<u>3,720</u>	<u>1,380</u>	<u>2,061</u>	<u>-</u>	<u>-</u>	<u>10,579</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	-	-	-	209,350	-	-	209,350
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,350</u>	<u>-</u>	<u>-</u>	<u>209,350</u>
FUND BALANCES:							
Restricted	-	-	-	-	-	630,183	630,183
Committed	-	-	25,893	773,642	-	-	799,535
Unassigned (Deficit)	(3,418)	(3,720)	-	-	-	-	(7,138)
Total Fund Balances	<u>(3,418)</u>	<u>(3,720)</u>	<u>25,893</u>	<u>773,642</u>	<u>-</u>	<u>630,183</u>	<u>1,422,580</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,273</u>	<u>\$ 985,053</u>	<u>\$ -</u>	<u>\$ 630,183</u>	<u>\$ 1,642,509</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, 2022

		405 - Martha Anderson Vet Park	408 - FEMA Safe Room Project	410 - Park Improvement Project	411 - Capital Improvement Projects	422 - Fire Truck	423 - Central Street Project	Total
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,248	\$ -	\$ -	\$ 8,248
Intergovernmental Revenue	-	-	-	-	-	-	51,796	51,796
Interest Income	1	-	-	50	3,546	759	7,288	11,644
Miscellaneous	79,505	94,200	-	-	-	-	-	173,705
Total Revenues	<u>79,506</u>	<u>94,200</u>	<u>-</u>	<u>50</u>	<u>11,794</u>	<u>759</u>	<u>59,084</u>	<u>245,393</u>
EXPENDITURES								
General Government	-	-	-	-	6,249	-	-	6,249
Public Safety	-	-	-	-	20,223	-	-	20,223
Streets and Highways	-	-	-	-	12,107	-	-	12,107
Culture and Recreation	-	-	-	13,477	12,022	-	-	25,499
Capital Outlay	82,924	97,920	-	-	134,561	236,493	265,406	817,304
Total Expenditures	<u>82,924</u>	<u>97,920</u>	<u>13,477</u>	<u>-</u>	<u>185,162</u>	<u>236,493</u>	<u>265,406</u>	<u>881,382</u>
EXCESS EXPENDITURES OVER REVENUES	(3,418)	(3,720)	(13,427)	(173,368)	(235,734)	(206,322)	(635,989)	
OTHER FINANCING SOURCES (USES):								
Transfer In	-	-	14,000	50,834	31,519	-	-	96,353
Transfer Out	-	-	-	(39,565)	(111)	(167,297)	(206,973)	
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,418)	(3,720)	573	(162,099)	(204,326)	(373,619)	(746,609)	
FUND BALANCES - January 1	-	-	25,320	935,741	204,326	1,003,802	2,169,189	
FUND BALANCES (DEFICIT) - December 31	<u>\$ (3,418)</u>	<u>\$ (3,720)</u>	<u>\$ 25,893</u>	<u>\$ 773,642</u>	<u>\$ -</u>	<u>\$ 630,183</u>	<u>\$ 1,422,580</u>	

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 PUBLIC UTILITIES COMMISSION
 DECEMBER 31, 2022

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 862,336	\$ 780,179	\$ 2,499,457	\$ 4,141,972
Accounts Receivable	51,453	53,329	209,850	314,632
Special Assessments Receivable	8,230	9,431	-	17,661
Interest Receivable	1,363	1,363	4,304	7,030
Notes Receivable	-	-	491,597	491,597
Due from Other Funds	2,189	-	120,270	122,459
Due from Other Governments	83	95	341	519
Prepaid Expense	5,382	6,493	11,223	23,098
Inventory	35	2,417	424,195	426,647
Total Current Assets	<u>931,071</u>	<u>853,307</u>	<u>3,761,237</u>	<u>5,545,615</u>
NONCURRENT ASSETS				
Capital Assets:				
Land	12,263	100,733	45,360	158,356
Buildings	1,612,344	3,186,034	572,352	5,370,730
Infrastructure and Improvements	4,070,013	2,401,389	4,397,736	10,869,138
Machinery and Equipment	278,332	364,146	5,566,401	6,208,879
Total Capital Assets	<u>5,972,952</u>	<u>6,052,302</u>	<u>10,581,849</u>	<u>22,607,103</u>
Less: Accumulated Depreciation	<u>3,679,470</u>	<u>3,113,086</u>	<u>8,610,887</u>	<u>15,403,443</u>
Net Capital Assets	<u>2,293,482</u>	<u>2,939,216</u>	<u>1,970,962</u>	<u>7,203,660</u>
Total Assets	<u>3,224,553</u>	<u>3,792,523</u>	<u>5,732,199</u>	<u>12,749,275</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	78,758	78,757	193,200	350,715
Total Assets and Deferred Outflows of Resources	<u>\$ 3,303,311</u>	<u>\$ 3,871,280</u>	<u>\$ 5,925,399</u>	<u>\$ 13,099,990</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,915	\$ 9,933	\$ 103,847	\$ 115,695
Due to Other Funds	32,140	30,394	21,931	84,465
Accrued Interest	1,324	1,037	108	2,469
Accrued Payroll	3,422	3,422	13,359	20,203
Due to Other Governments	-	-	503,095	503,095
Accrued Compensated Absences	1,933	1,933	6,504	10,370
Customer Deposits	-	-	24,850	24,850
Current Amount of Long-Term Debt	127,326	87,407	3,619	218,352
Total Current Liabilities	<u>168,060</u>	<u>134,126</u>	<u>677,313</u>	<u>979,499</u>
LONG-TERM LIABILITIES				
Net Pension Liability	122,404	122,394	315,849	560,647
Bonds and Notes Payable	597,924	489,438	55,825	1,143,187
Unamortized Bond Premium	29,342	26,844	3,652	59,838
Total Long-Term Liabilities	<u>749,670</u>	<u>638,676</u>	<u>375,326</u>	<u>1,763,672</u>
Total Liabilities	<u>917,730</u>	<u>772,802</u>	<u>1,052,639</u>	<u>2,743,171</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	54,630	54,628	83,224	192,482
NET POSITION				
Net Investment in Capital Assets	1,568,232	2,362,371	1,911,518	5,842,121
Unrestricted	762,719	681,479	2,878,018	4,322,216
Total Net Position	<u>2,330,951</u>	<u>3,043,850</u>	<u>4,789,536</u>	<u>10,164,337</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,303,311</u>	<u>\$ 3,871,280</u>	<u>\$ 5,925,399</u>	<u>\$ 13,099,990</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, 2022

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
OPERATING REVENUES				
Sales	\$ 605,716	\$ -	\$ 2,458,841	\$ 3,064,557
Charges for Services	-	575,099	-	575,099
Miscellaneous Revenues	-	-	43,286	43,286
Total Operating Revenues	<u>605,716</u>	<u>575,099</u>	<u>2,502,127</u>	<u>3,682,942</u>
OPERATING EXPENSES				
Salaries	142,480	129,946	105,799	378,225
Depreciation	55,094	108,577	247,157	410,828
Transmission and Distribution	66,156	-	73,328	139,484
Power Production and Pumping	29,519	-	434,325	463,844
Purification	12,643	-	-	12,643
General and Administrative	28,102	37,253	292,705	358,060
Sewage Collection and Disposal	-	121,079	-	121,079
Purchases and generation	-	-	1,102,723	1,102,723
Total Operating Expenses	<u>333,994</u>	<u>396,855</u>	<u>2,256,037</u>	<u>2,986,886</u>
Net Operating Loss	<u>271,722</u>	<u>178,244</u>	<u>246,090</u>	<u>696,056</u>
NON OPERATING REVENUE (EXPENSE)				
Interest Income	3,826	3,675	18,092	25,593
Gain on Sale of Capital Assets	-	-	5,650	5,650
Refunds and Reimbursements	1,078	-	-	1,078
Grant Income	9,641	6,575	-	16,216
Miscellaneous Income	-	-	14,607	14,607
Interest Expense	(16,684)	(12,417)	(1,078)	(30,179)
Total Non Operating Revenue (Expense)	<u>(2,139)</u>	<u>(2,167)</u>	<u>37,271</u>	<u>32,965</u>
Transfer to Other Funds	<u>15,708</u>	<u>13,186</u>	<u>50,797</u>	<u>79,691</u>
CHANGE IN NET POSITION	285,291	189,263	334,158	808,712
NET POSITION - January 1	<u>2,045,660</u>	<u>2,854,587</u>	<u>4,455,378</u>	<u>9,355,625</u>
NET POSITION - December 31	<u>\$ 2,330,951</u>	<u>\$ 3,043,850</u>	<u>\$ 4,789,536</u>	<u>\$ 10,164,337</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 PUBLIC UTILITIES COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 2022

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 603,178	\$ 574,400	\$ 2,524,127	\$ 3,701,705
Payments to Vendors	(134,484)	(151,740)	(2,068,084)	(2,354,308)
Payments to Employees	(137,900)	(125,366)	(73,470)	(336,736)
Other Receipts and Payments	1,078	-	14,607	15,685
Net Cash Provided By Operating Activities	<u>331,872</u>	<u>297,294</u>	<u>397,180</u>	<u>1,026,346</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from Other Funds	15,708	13,186	50,797	79,691
Intergovernmental Operating Grants Received	9,834	6,562	(7,158)	9,238
Note Receivable	-	-	8,403	8,403
Due to (from) Other Funds	(204)	(482)	(35,114)	(35,800)
Net Cash Provided By Noncapital Financing Activities	<u>25,338</u>	<u>19,266</u>	<u>16,928</u>	<u>61,532</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(59,041)	(109,472)	(69,874)	(238,387)
Special Assessments Received	16,253	18,863	-	35,116
Principal Paid on Capital Debt	(37,635)	(24,937)	(1,155)	(63,727)
Interest Paid on Capital Debt	(19,110)	(14,543)	(2,420)	(36,073)
Proceeds from the Sale of Capital Assets	-	-	5,650	5,650
Net Cash Used By Capital and Related Financing Activities	<u>(99,533)</u>	<u>(130,089)</u>	<u>(67,799)</u>	<u>(297,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received	2,476	2,325	14,090	18,891
Net Cash Provided By Investing Activities	<u>2,476</u>	<u>2,325</u>	<u>14,090</u>	<u>18,891</u>
NET INCREASE IN CASH	260,153	188,796	360,399	809,348
CASH AND INVESTMENTS - January 1	<u>602,183</u>	<u>591,383</u>	<u>2,139,058</u>	<u>3,332,624</u>
CASH AND INVESTMENTS - December 31	<u>\$ 862,336</u>	<u>\$ 780,179</u>	<u>\$ 2,499,457</u>	<u>\$ 4,141,972</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
Reconciliation of Operating Operating Income to Net Cash Provided By Operating Activities				
Operating Operating Income	\$ 271,722	\$ 178,244	\$ 246,090	\$ 696,056
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities				
Depreciation	55,094	108,577	247,157	410,828
Noncash Pension Expense	7,251	7,251	25,768	40,270
Changes in Assets and Liabilities				
Receivables	(2,538)	(699)	21,650	18,413
Inventory	-	(1,175)	(165,120)	(166,295)
Prepaid Expenses	719	523	4,603	5,845
Accounts Payable	1,217	7,244	(4,486)	3,975
Accrued Wages	(1,716)	(1,716)	4,600	1,168
Compensated Absences	(955)	(955)	1,961	51
Customer Deposits	-	-	350	350
Other Receipts and Payments	1,078	-	14,607	15,685
Net Cash Provided By Operating Activities	<u>\$ 331,872</u>	<u>\$ 297,294</u>	<u>\$ 397,180</u>	<u>\$ 1,026,346</u>

CITY OF SPRINGFIELD, MINNESOTA
SUMMARY FINANCIAL REPORT

REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

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 Cora Schmidt, City Clerk, at 507 723 3502

	<u>Total</u> 2022	<u>Total</u> 2021	Percent Increase (Decrease)
REVENUES:			
Taxes and Assessments	\$ 895,726	\$ 924,531	(3.12)%
Licenses and Permits	14,650	11,765	24.52 %
Intergovernmental	1,055,747	1,382,376	(23.63)%
Charges for Services	311,647	320,060	(2.63)%
Fines	1,017	3,093	(67.12)%
Investment Earnings	3,065	1,831	67.39 %
Miscellaneous	139,045	78,224	77.75 %
Transfer In	48,046	45,043	6.67 %
Issuance of Debt	-	111,425	(100.00)%
Sale of Capital Assets	-	15,000	(100.00)%
Total Revenues	<u>\$ 2,468,943</u>	<u>\$ 2,893,348</u>	<u>(14.67)%</u>
Per Capita	<u>1,225</u>	<u>2,056</u>	
EXPENDITURES:			
Current			
General Government	\$ 607,912	\$ 576,198	5.50 %
Public Safety	706,954	617,076	14.57 %
Public Works	271,483	359,936	(24.57)%
Culture and Recreation	430,417	431,592	(0.27)%
Economic Development	82,273	15,000	448.49 %
Miscellaneous	88,697	240,167	(63.07)%
Debt Service:			
Interest Payments	-	645	(100.00)%
Capital Outlay	110,872	211,447	(47.57)%
Transfer Out	215,033	688,000	(68.75)%
Total Expenditures	<u>\$ 2,513,641</u>	<u>\$ 3,140,061</u>	<u>(19.95)%</u>
Per Capita	<u>1,247</u>	<u>2,284</u>	
Governmental Long-term Indebtedness	<u>\$ 4,936,255</u>	<u>\$ 5,345,095</u>	<u>(7.65)%</u>
Per Capita	<u>2,450</u>	<u>2,653</u>	
General Fund Unassigned Fund Balance - December 31	<u>\$ 1,052,920</u>	<u>\$ 1,058,037</u>	<u>(0.48)%</u>
Per Capita	<u>523</u>	<u>525</u>	

SECTION IV

ADDITIONAL INFORMATION

CITY OF SPRINGFIELD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

<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 Agriculture Rural Economic Development Loan	10.854	N/A	\$ 500,000
U.S. Department of Treasury American Rescue Plan Funds	20.019c	N/A	219,002
U.S. Department of Transportation Airport Improvement Program and Infrastructure Investments and Job Act Program	20.106	AI-3-27-01S119-012-2019	15,000
U.S. Dept of Housing and Urban Development/MN DEED Community Development Block Grant	14.228	CAP-19-043-O-FY20	73,324
U.S. Department of Justice Bulletproof Vest Partnership Program	16.607	N/A	<u>860</u>
			<u>\$ 808,186</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, 2022. 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 \$500,000. 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, 2022 is \$500,000.

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, 2022, 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 20, 2023.

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 2022-001.

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

City of Springfield, Minnesota's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 it.

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.
Oberloh & Oberloh, Ltd.
Redwood Falls, Minnesota

June 20, 2023

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, 2022. 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, 2022.

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 item 2022-001. 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

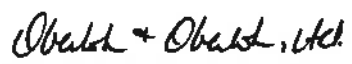
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 item 2022-001 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.
Redwood Falls, Minnesota

June 20, 2023

CITY OF SPRINGFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

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: U.S. Department of Agriculture Rural Economic Development Loan..
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 2022-001

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, 2022

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: 2021-001

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

Significant Deficiencies 2022-001.

CITY OF SPRINGFIELD, MINNESOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

2021-001 Auditor Prepared Financial Statements - This finding is unresolved and appears as finding
2022-001

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

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, 2022, 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 20, 2023.

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 20, 2023

SIGNIFICANT DEFICIENCIES

2022-001 Auditor Prepared Financial Statements

Name of Contact Person: Brian Gramentz, City Manager

Correction Action: The City Manager will continue to review GASB pronouncements and GASB disclosure checklists to ensure she is aware of financial statement requirements and new pronouncements.

Proposed Completion Date: The City Council will implement the above procedures immediately.