

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

CITY OF SPRINGFIELD, MINNESOTA
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SECTION I

INTRODUCTORY SECTION

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA
GENERAL INFORMATION

ELECTED AND APPOINTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>TERM EXPIRES</u>
MAYOR	Lowell Helget	12/31/2028
COUNCIL MEMBER	Jeanette Pidde	12/31/2026
COUNCIL MEMBER	Shelley Frantz	12/31/2026
COUNCIL MEMBER	Joshua Anderson	12/31/2028
COUNCIL MEMBER	Nicholas Klisch	12/31/2028
CITY CLERK	Justtina Erickson	Appointed
CITY FINANCE MANAGER/TREASURER	Amy Vogel	Appointed
CITY MANAGER	Amber Dale	Appointed
CITY ATTORNEY	Muske, Muske & Suhrhoff, Ltd	Appointed

SECTION II
FINANCIAL SECTION

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



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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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension reporting schedules on pages 6 through 15 and 58 through 73 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 governmental fund financial statements, public utilities commission financial statements, and summary financial report 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 governmental fund financial statements, public utilities commission financial statements, and summary financial report 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 May 20, 2026 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

May 20, 2026

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

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, 2025.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$31,869,775 (net position). Of this amount, \$9,995,925 (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 \$756,430 compared to an increase of \$1,895,348 in the previous year. The governmental activities net position increased by \$4,476 and the business-type activities net position increased \$751,954.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,856,115, an increase of \$84,092 in comparison with the prior year. Approximately 66.0 percent of this total amount, \$3,203,358, is available for spending at the City's discretion, although \$2,147,548 has been assigned and \$254,657 has been committed for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,198,392, or 45.0 percent of total General Fund expenditures.
- The City's total debt decreased by \$1,435,630 or 20.8 percent during the current fiscal year.

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

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

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

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

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

USING THIS ANNUAL REPORT (Cont.)

Government-wide Financial Statements (Cont.)

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

Fund Financial Statements

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

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

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

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Medical Center; both 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.

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, 2025

USING THIS ANNUAL REPORT (Cont.)

Fund Financial Statements (Cont.)

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

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

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

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements can be found beginning on page 29 through 57 of this report.

Required Supplementary Information

This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule and Pension Schedules (on pages 58 - 73) 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.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budget.

Other Supplementary Information

This part of the annual report (starting on page 74) includes optional financial information such as combining nonmajor governmental fund financial statements, (which are added together and shown in the fund financial statements in a single column), public utilities commission financial statements, and summary financial report. 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, 2025

THE CITY AS A WHOLE (Cont.)

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current Assets	\$ 6,352,556	\$ 6,453,411	\$ 6,636,135	\$ 6,300,092	\$ 12,988,691	\$ 12,753,503
Capital Assets	17,497,889	17,821,746	8,571,182	9,196,332	26,069,071	27,018,078
Other Assets	-	24,051	545,218	633,000	545,218	657,051
Total Assets	<u>23,850,445</u>	<u>24,299,208</u>	<u>15,752,535</u>	<u>16,129,424</u>	<u>39,602,980</u>	<u>40,428,632</u>
Deferred Outflows of Resources	<u>636,050</u>	<u>986,583</u>	<u>53,234</u>	<u>107,875</u>	<u>689,284</u>	<u>1,094,458</u>
Current Liabilities	733,155	689,070	575,431	634,486	1,308,586	1,323,556
Long-term Liabilities	<u>3,488,369</u>	<u>3,854,397</u>	<u>2,449,556</u>	<u>3,475,193</u>	<u>5,937,925</u>	<u>7,329,590</u>
Total Liabilities	<u>4,221,524</u>	<u>4,543,467</u>	<u>3,024,987</u>	<u>4,109,679</u>	<u>7,246,511</u>	<u>8,653,146</u>
Deferred Inflows of Resources	<u>1,016,174</u>	<u>1,455,170</u>	<u>159,804</u>	<u>258,596</u>	<u>1,175,978</u>	<u>1,713,766</u>
Net Position						
Net Investment in Capital Assets	14,439,311	14,399,818	6,504,859	6,350,728	20,944,170	20,750,546
Restricted	929,680	948,255	-	-	929,680	948,255
Unrestricted	<u>3,879,806</u>	<u>3,939,081</u>	<u>6,116,119</u>	<u>5,518,296</u>	<u>9,995,925</u>	<u>9,457,377</u>
Total Net Position	<u>\$ 19,248,797</u>	<u>\$ 19,287,154</u>	<u>\$ 12,620,978</u>	<u>\$ 11,869,024</u>	<u>\$ 31,869,775</u>	<u>\$ 31,156,178</u>

A large portion of the City's net position (65.7 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 (2.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (31.4 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, 2025

THE CITY AS A WHOLE (Cont.)

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<u>Revenues</u>						
Program Revenues:						
Fees, Fines, and						
Charges for Services	\$ 669,848	\$ 651,128	\$ 880,394	\$ 1,108,075	\$ 1,550,242	\$ 1,759,203
Contributions	83,263	474,546	176,637	12,189	259,900	486,735
Operating Grants and						
Contributions	498,789	428,881	65,409	46,398	564,198	475,279
Sales	-	-	4,310,365	3,634,661	4,310,365	3,634,661
General Revenues:						
Taxes and						
Assessments	1,655,541	1,533,771	-	-	1,655,541	1,533,771
Intergovernmental						
Revenue	1,160,513	1,176,380	-	-	1,160,513	1,176,380
Interest Income	164,029	182,454	212,435	232,723	376,464	415,177
Insurance Proceeds	-	-	-	667	-	667
Gain on Sale of Capital						
Assets	-	-	624,646	-	624,646	-
Miscellaneous Income	742,368	1,153,398	6,456	3,586	748,824	1,156,984
Refunds and						
Reimbursements	-	-	2,148	-	2,148	-
Total Revenues	<u>4,974,351</u>	<u>5,600,558</u>	<u>6,278,490</u>	<u>5,038,299</u>	<u>11,252,841</u>	<u>10,638,857</u>
<u>Expenses</u>						
General Government	785,627	1,048,555	-	-	785,627	1,048,555
Public Safety	1,056,193	776,511	-	-	1,056,193	776,511
Public Works	716,399	740,609	-	-	716,399	740,609
Culture and Recreation	1,012,466	916,149	-	-	1,012,466	916,149
Health and Welfare	306,117	247,013	-	-	306,117	247,013
Economic Development	47,091	52,176	-	-	47,091	52,176
Miscellaneous	1,079,668	364,543	-	-	1,079,668	364,543
Interest on Long-Term						
Debt	79,254	90,562	-	-	79,254	90,562
Water	-	-	388,882	340,160	388,882	340,160
Sewer	-	-	463,886	415,853	463,886	415,853
Electric	-	-	3,261,226	3,076,579	3,261,226	3,076,579
Storm Sewer	-	-	39,889	56,012	39,889	56,012
Community Ambulance	-	-	432,307	465,317	432,307	465,317
Rental Housing	-	-	71,542	153,470	71,542	153,470
Total Expenses	<u>5,082,815</u>	<u>4,236,118</u>	<u>4,657,732</u>	<u>4,507,391</u>	<u>9,740,547</u>	<u>8,743,509</u>
Changes in Net Position						
Before Transfers	(108,464)	1,364,440	1,620,758	530,908	1,512,294	1,895,348
Transfers	112,940	14,541	(868,804)	(14,541)	(755,864)	-
Change in Net Position	<u>4,476</u>	<u>1,378,981</u>	<u>751,954</u>	<u>516,367</u>	<u>756,430</u>	<u>1,895,348</u>
Net Position Beginning						
Originally Stated	19,287,154	17,908,173	11,869,024	11,352,657	31,156,178	29,260,830
Prior Period						
Adjustment	(42,833)	-	-	-	(42,833)	-
As Restated	<u>19,244,321</u>	<u>17,908,173</u>	<u>11,869,024</u>	<u>11,352,657</u>	<u>31,113,345</u>	<u>29,260,830</u>
Net Position Ending	<u>\$ 19,248,797</u>	<u>\$ 19,287,154</u>	<u>\$ 12,620,978</u>	<u>\$ 11,869,024</u>	<u>\$ 31,869,775</u>	<u>\$ 31,156,178</u>

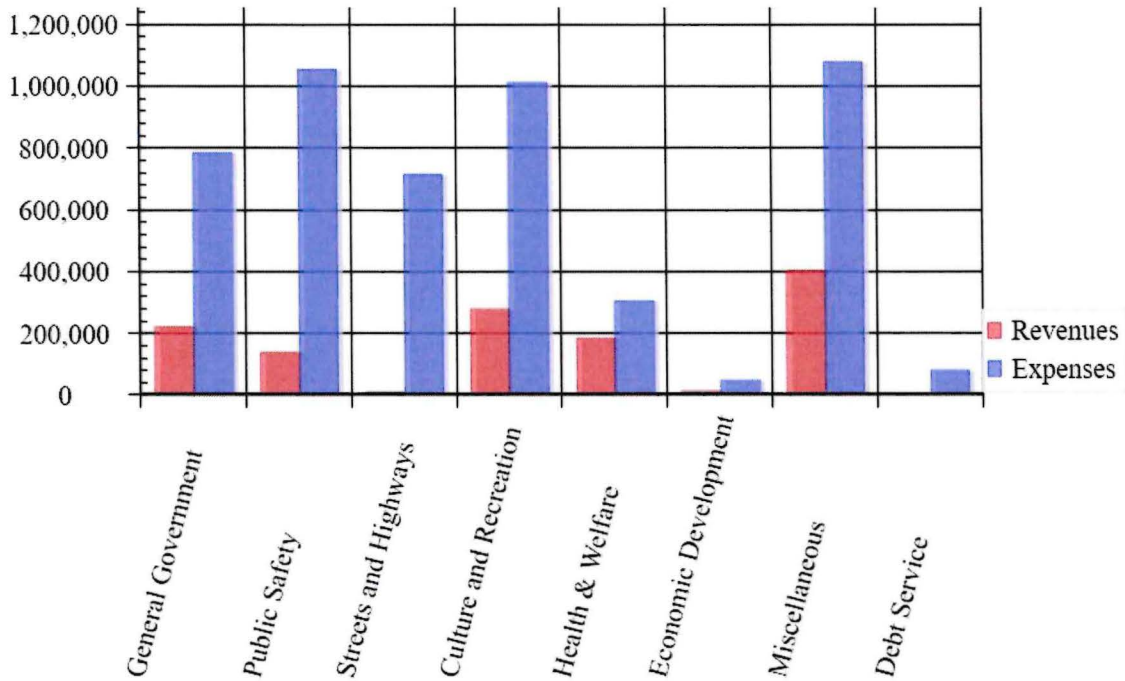
CITY OF SPRINGFIELD, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2025

THE CITY AS A WHOLE (Cont.)

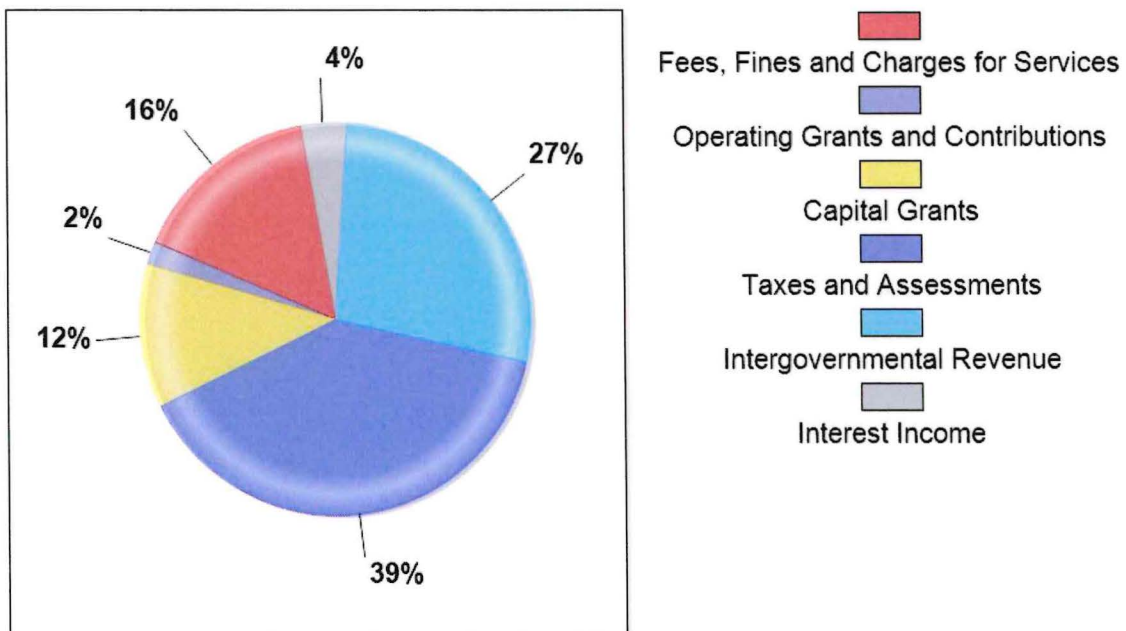
Governmental Activities

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

**Expenses and Program Revenues -
 Governmental Activities**



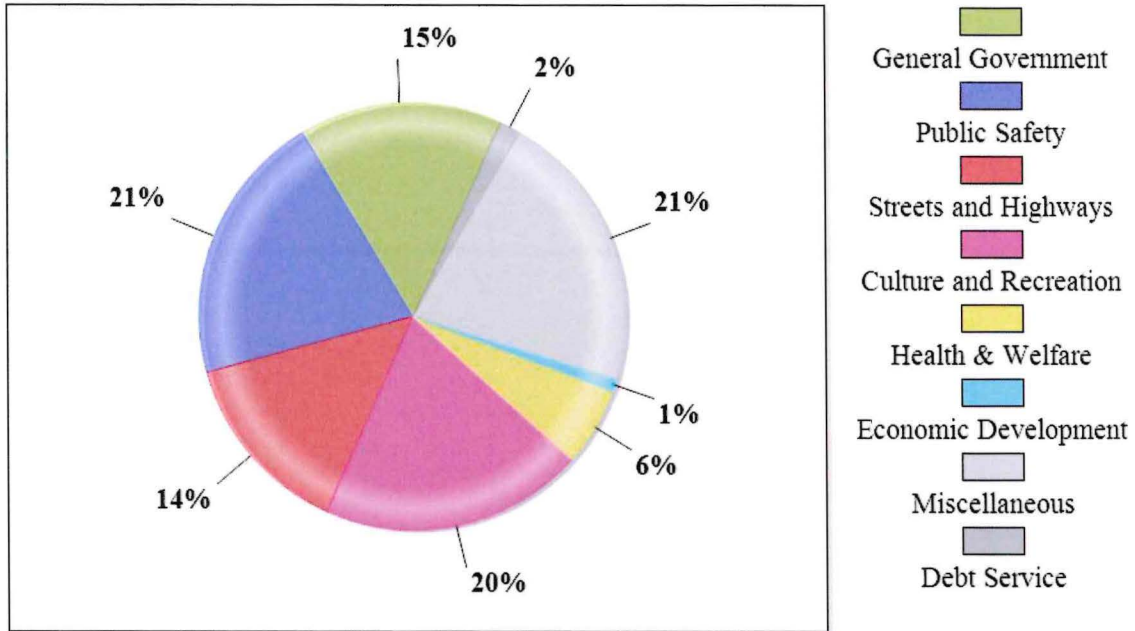
Sources of Funds in Governmental Activities



CITY OF SPRINGFIELD, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2025

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

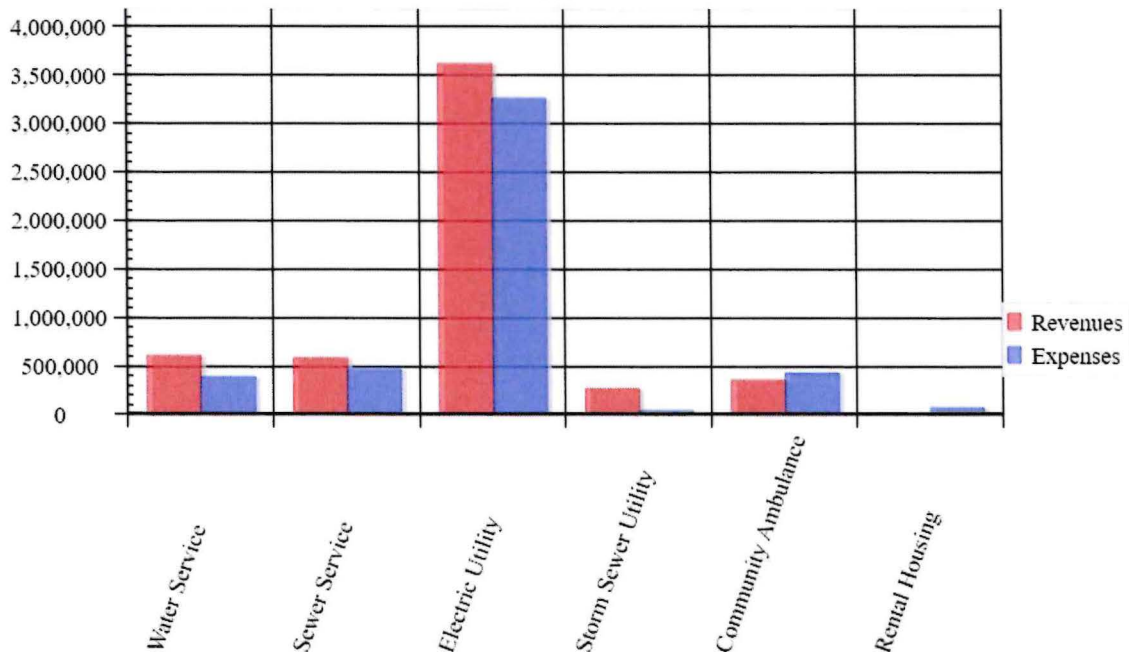
Uses of Funds in Governmental Activities



Business-Type Activities

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

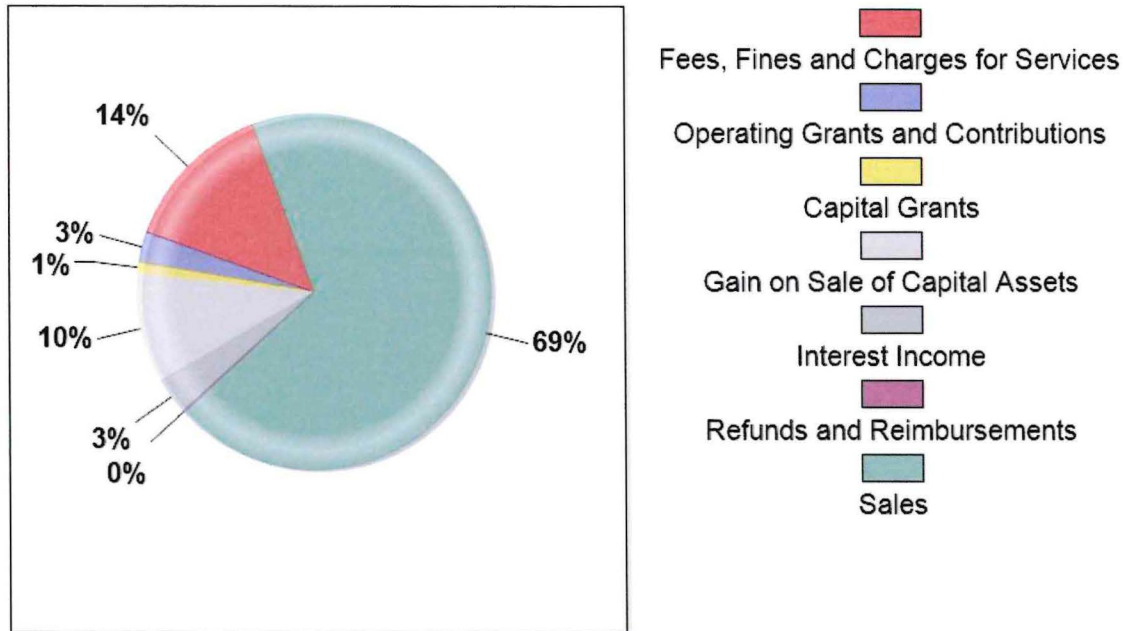
**Expenses and Program Revenues -
 Business-Type Activities**



CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

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

Sources of Funds in Business-Type Activities



A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$4,856,115 an increase of \$84,092 in comparison with the prior year. The fund balance is broke down into five categories, \$723,077 is nonspendable, \$929,680 is restricted, \$254,657 is committed, \$2,147,548 is assigned, and \$801,153 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 \$1,463,110, of which \$70,315 is nonspendable for inventory, prepaid expenses, and interfund receivables; and \$1,198,392 is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 45.0 percent of the General Fund expenditures. The fund balance of the City's General Fund increased by \$71,771 during 2025.

The Medical Center Fund is used to account for the resources and expenditures related to the City's Medical Center building. The total fund balance at the end of the year was \$1,019,560, of which \$22,249 was nonspendable to offset prepaid expenses and \$997,311 was assigned for future medical center building related expenditures.

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

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 \$6,116,119. The total increase in net position of the funds was \$751,954. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Fiduciary Funds

The City maintains two fiduciary funds at the end of the year. One of the funds is a private-purpose trust fund and one fund is a custodial fund. The total net position of these funds was \$308,688, all of which is restricted by individuals and other governments. The increase in net position was \$304,031. The increase is due to a transfer in from the Economic Development Authority of \$300,000 to create the Housing Trust Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund budget was not amended during the year. The budget called for revenues and other financing sources equal to of expenditures and other financing uses. During 2025 revenues were over expectations by \$201,289 and other financing sources were also over budget by \$7,746. In addition expenditures came in over budget by \$117,722 and other financing uses were over budget by \$19,542 during 2025.

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, 2025, amounts to \$26,069,073 (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 3.5 percent (an 1.8 percent decrease for governmental activities and a 6.8 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>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 730,218	\$ 730,218	\$ 158,356	\$ 215,355	\$ 888,574	\$ 945,573
Construction in Progress	168,941	2,810,430	350,217	-	519,158	2,810,430
Buildings	13,874,063	11,172,124	5,420,674	7,748,391	19,294,737	18,920,515
Infrastructure and Improvements	16,395,705	16,127,723	12,744,789	12,210,475	29,140,494	28,338,198
Machinery and Equipment	<u>4,958,884</u>	<u>4,676,300</u>	<u>6,842,556</u>	<u>6,627,956</u>	<u>11,801,440</u>	<u>11,304,256</u>
Subtotal	36,127,811	35,516,795	25,516,592	26,802,177	61,644,403	62,318,972
Less: Accumulated Depreciation	<u>18,629,922</u>	<u>17,695,049</u>	<u>16,945,408</u>	<u>17,605,845</u>	<u>35,575,330</u>	<u>35,300,894</u>
Total	<u>\$ 17,497,889</u>	<u>\$ 17,821,746</u>	<u>\$ 8,571,184</u>	<u>\$ 9,196,332</u>	<u>\$ 26,069,073</u>	<u>\$ 27,018,078</u>

CITY OF SPRINGFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (Cont.)

Debt

At the end of the current fiscal year, the City had total Long-term debt outstanding of \$5,464,903.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Tax Increment						
Bonds	\$ 86,902	\$ 94,750	\$ -	\$ -	\$ 86,902	\$ 94,750
G.O. Improvement						
Bonds	2,851,676	3,187,179	-	-	2,851,676	3,187,179
G.O. Bonds	120,000	140,000	-	-	120,000	140,000
G.O. Revenue						
Bonds	-	-	2,066,325	2,278,602	2,066,325	2,278,602
G.O. Revenue Notes	<u>-</u>	<u>-</u>	<u>340,000</u>	<u>1,200,000</u>	<u>340,000</u>	<u>1,200,000</u>
Total	<u>\$3,058,578</u>	<u>\$3,421,929</u>	<u>\$2,406,325</u>	<u>\$3,478,602</u>	<u>\$5,464,903</u>	<u>\$6,900,531</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, 2025

	Primary Government			Economic Development Authority
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments	\$ 4,544,119	\$ 5,117,192	\$ 9,661,311	\$ 847,562
Escrowed Investment	-	344,480	344,480	-
Receivables:				
Accounts Receivable	36,770	416,930	453,700	-
Property Taxes Receivable	46,656	-	46,656	519
Special Assessments Receivable	981,510	-	981,510	-
Interest Receivable	28,857	44,241	73,098	4,484
Notes Receivable	122,019	87,782	209,801	164,524
Assets Held for Resale	16,547	-	16,547	-
Due from Other Governments	172,965	167,446	340,411	57
Lease Receivable	194,698	-	194,698	-
Prepaid Expense	103,574	29,866	133,440	139
Internal Balances	100,989	(100,984)	5	-
Inventory	3,852	529,180	533,032	-
Capital Assets:				
Nondepreciable:				
Land	730,218	158,356	888,574	166,151
Construction in Progress	168,941	350,217	519,158	-
Depreciable, Net of Accumulated Depreciation:				
Buildings	8,209,556	1,120,687	9,330,243	-
Infrastructure and Improvements	6,904,896	6,377,942	13,282,838	-
Machinery and Equipment	1,484,278	563,982	2,048,260	-
Notes Receivable	-	545,218	545,218	-
TOTAL ASSETS	23,850,445	15,752,535	39,602,980	1,183,436
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	636,050	53,234	689,284	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	636,050	53,234	689,284	-
LIABILITIES				
Accounts Payable	89,294	172,824	262,118	855
Accrued Interest	2,292	7,547	9,839	-
Accrued Payroll	61,740	37,929	99,669	651
Due to Other Governments	20	14,937	14,957	-
Accrued Compensated Absences	107,391	73,188	180,579	-
Customer Deposits	1,400	28,400	29,800	-
Unearned Revenue	95,835	-	95,835	-
Noncurrent liabilities:				
Due within one year	375,183	240,606	615,789	-
Net Pension Liability	619,175	217,747	836,922	-
Due in more than one year	2,683,395	2,165,719	4,849,114	-
Unamortized Bond Premium	185,799	66,090	251,889	-
TOTAL LIABILITIES	4,221,524	3,024,987	7,246,511	1,506
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	796,189	159,804	955,993	-
Related to Leases	219,985	-	219,985	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,016,174	159,804	1,175,978	-
NET POSITION				
Net Investment in Capital Assets	14,439,311	6,504,859	20,944,170	166,151
Restricted	929,680	-	929,680	-
Unrestricted	3,879,806	6,116,119	9,995,925	1,015,779
TOTAL NET POSITION	\$ 19,248,797	\$ 12,620,978	\$ 31,869,775	\$ 1,181,930

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, 2025

Functions/Programs	Program Revenues					Net Sources (Uses) and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants	Sales	Primary Government			Component Unit
						Governmental Activities	Business-Type Activities	Total	
Primary Government									
Governmental Activities:									
General Government	\$ 785,627	\$ 222,124	\$ -	\$ -	\$ -	\$ (563,503)	\$ -	\$ (563,503)	\$ -
Public Safety	1,056,193	55,448	83,263	-	-	(917,482)	-	(917,482)	-
Streets and Highways	716,399	11,382	-	-	-	(705,017)	-	(705,017)	-
Culture and Recreation	1,012,466	137,238	-	141,029	-	(734,199)	-	(734,199)	-
Health & Welfare	306,117	184,246	-	-	-	(121,871)	-	(121,871)	-
Economic Development	47,091	13,129	-	-	-	(33,962)	-	(33,962)	-
Miscellaneous	1,079,668	46,281	-	357,760	-	(675,627)	-	(675,627)	-
Debt Service	79,254	-	-	-	-	(79,254)	-	(79,254)	-
Total Governmental Activities	<u>5,082,815</u>	<u>669,848</u>	<u>83,263</u>	<u>498,789</u>	<u>-</u>	<u>(3,830,915)</u>	<u>-</u>	<u>(3,830,915)</u>	<u>-</u>
Business-Type Activities:									
Water Service	388,882	-	9,966	-	596,866	-	217,950	217,950	-
Sewer Service	463,886	583,269	162	-	-	-	119,545	119,545	-
Electric Utility	3,261,226	-	-	-	3,617,101	-	355,875	355,875	-
Storm Sewer Utility	39,889	-	166,509	5,000	96,398	-	228,018	228,018	-
Community Ambulance	432,307	297,125	-	60,409	-	-	(74,773)	(74,773)	-
Rental Housing	71,542	-	-	-	-	-	(71,542)	(71,542)	-
Total Business-Type Activities	<u>4,657,732</u>	<u>880,394</u>	<u>176,637</u>	<u>65,409</u>	<u>4,310,365</u>	<u>-</u>	<u>775,073</u>	<u>775,073</u>	<u>-</u>
Total Primary Government	<u>\$ 9,740,547</u>	<u>\$ 1,550,242</u>	<u>\$ 259,900</u>	<u>\$ 564,198</u>	<u>\$ 4,310,365</u>	<u>(3,830,915)</u>	<u>775,073</u>	<u>(3,055,842)</u>	<u>-</u>
Component Unit	<u>\$ 50,035</u>	<u>\$ 2,678</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,357)</u>
General Revenues:									
Taxes and Assessments						1,655,541	-	1,655,541	33,606
Intergovernmental Revenue						1,160,513	-	1,160,513	8
Gain on Sale of Capital Assets						-	624,646	624,646	(11,474)
Interest Income						164,029	212,435	376,464	39,597
Refunds and Reimbursements						-	2,148	2,148	-
Miscellaneous						742,368	6,456	748,824	-
Transfers						112,940	(868,804)	(755,864)	455,864
Total General Revenues						<u>3,835,391</u>	<u>(23,119)</u>	<u>3,812,272</u>	<u>517,601</u>
Changes in Net Position						<u>4,476</u>	<u>751,954</u>	<u>756,430</u>	<u>485,244</u>
Net Position- January 1									
As Originally Stated						19,287,154	11,869,024	31,156,178	696,686
Prior Period Adjustment						(42,833)	-	(42,833)	-
As Restated						<u>19,244,321</u>	<u>11,869,024</u>	<u>31,113,345</u>	<u>696,686</u>
Net Position- December 31						<u>\$ 19,248,797</u>	<u>\$ 12,620,978</u>	<u>\$ 31,869,775</u>	<u>\$ 1,181,930</u>

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

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

	100 - General Fund	251 - Medical Center	Nonmajor Governmental Funds	Total
ASSETS:				
Cash and Investments	\$ 1,281,166	\$ 1,008,956	\$ 2,253,997	\$ 4,544,119
Accounts Receivable	27,664	-	9,106	36,770
Assets Held for Resale	16,547	-	-	16,547
Property Taxes Receivable	46,656	-	-	46,656
Special Assessments Receivable	8,726	-	972,784	981,510
Interest Receivable	8,078	5,338	15,441	28,857
Notes Receivable	-	-	122,019	122,019
Due from Other Governments	12,830	-	160,135	172,965
Lease Receivable	55,637	53,726	85,335	194,698
Prepaid Expense	66,369	22,249	14,956	103,574
Inventory	3,852	-	-	3,852
Due from Other Funds	194,502	-	421,154	615,656
Total Assets	\$ 1,722,027	\$ 1,090,269	\$ 4,054,927	\$ 6,867,223
LIABILITIES:				
Accounts Payable	\$ 32,817	\$ 12,581	\$ 43,896	\$ 89,294
Accrued Payroll	56,789	2,382	2,569	61,740
Due to Other Funds	29,628	-	485,040	514,668
Customer Deposits	-	1,400	-	1,400
Due to Other Governments	-	-	20	20
Unearned Revenue	825	1,630	93,380	95,835
Total Liabilities	120,059	17,993	624,905	762,957
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	55,382	-	972,784	1,028,166
Related to Leases	83,476	52,716	83,793	219,985
Total Deferred Inflows of Resources	138,858	52,716	1,056,577	1,248,151
FUND BALANCES:				
Nonspendable	264,718	22,249	436,110	723,077
Restricted	-	-	929,680	929,680
Committed	-	-	254,657	254,657
Assigned	-	997,311	1,150,237	2,147,548
Unassigned (Deficit)	1,198,392	-	(397,239)	801,153
Total Fund Balances	1,463,110	1,019,560	2,373,445	4,856,115
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,722,027	\$ 1,090,269	\$ 4,054,927	\$ 6,867,223

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, 2025

Total Governmental Fund Balances	\$ 4,856,115
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,497,890
Part of taxes and special assessments receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	1,028,166
Long-term liabilities, including bonds payable, accrued interest, bond premium, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(3,354,060)
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>(779,314)</u>
Net Position of Governmental Activities	<u>\$ 19,248,797</u>

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

	100 - General Fund	251 - Medical Center	210 - Library Board	408 - FEMA Safe Room Project	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 1,355,405	\$ -	\$ -	\$ -	\$ 419,818	\$ 1,775,223
Licenses and Permits	17,300	-	-	-	-	17,300
Intergovernmental Revenue	1,232,286	-	-	-	498,789	1,731,075
Charges for Services	347,938	184,246	-	-	117,585	649,769
Fines and Forfeits	1,640	-	-	-	109	1,749
Interest Income	56,088	13,402	-	-	94,540	164,030
Miscellaneous	41,374	-	-	-	712,794	754,168
Total Revenues	<u>3,052,031</u>	<u>197,648</u>	<u>-</u>	<u>-</u>	<u>1,843,635</u>	<u>5,093,314</u>
EXPENDITURES						
Current Operations:						
General Government	772,005	-	-	-	-	772,005
Public Safety	925,116	-	-	-	-	925,116
Streets and Highways	345,337	-	-	-	-	345,337
Culture and Recreation	458,066	-	-	-	347,122	805,188
Health & Welfare	-	306,117	-	-	-	306,117
Economic Development	36,979	-	-	-	17,377	54,356
Miscellaneous	111,057	-	-	-	698,933	809,990
Debt Service:						
Principal Payments	-	-	-	-	363,351	363,351
Interest Payments	-	-	-	-	82,032	82,032
Miscellaneous	-	-	-	-	1,485	1,485
Capital Outlay	15,030	-	-	-	643,185	658,215
Total Expenditures	<u>2,663,590</u>	<u>306,117</u>	<u>-</u>	<u>-</u>	<u>2,153,485</u>	<u>5,123,192</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	388,441	(108,469)	-	-	(309,850)	(29,878)
OTHER FINANCING SOURCES (USES)						
Transfer In	47,746	-	-	-	458,568	506,314
Transfer Out	<u>(364,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,928)</u>	<u>(392,344)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>71,771</u>	<u>(108,469)</u>	<u>-</u>	<u>-</u>	<u>120,790</u>	<u>84,092</u>
FUND BALANCES - January 1						
As Originally Stated	1,391,339	1,128,029	828,466	(466,804)	1,890,993	4,772,023
Change in Reporting Entity - Nonmajor to Major	-	-	(828,466)	466,804	361,662	-
As Restated	<u>1,391,339</u>	<u>1,128,029</u>	<u>-</u>	<u>-</u>	<u>2,252,655</u>	<u>4,772,023</u>
FUND BALANCES - December 31	<u>\$ 1,463,110</u>	<u>\$ 1,019,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,373,445</u>	<u>\$ 4,856,115</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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 84,092
<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	658,214
Depreciation Expense	(970,272)
Loss on Asset Disposal	(11,800)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	5,268
Special Assessments	(124,950)
Interest on long-term liabilities is expensed as paid in the funds, but accrued in the period due in the Statement of Activities.	739
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	363,351
Debt Premium/Discount	3,524
Compensated Absences do not require the use of current financial resources and, therefore, are not accrued in the fund statements.	(64,603)
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	49,423
Grant Income	<u>11,490</u>
Change in Net Position of Governmental Activities	<u>\$ 4,476</u>

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

	Public Utilities <u>Commission</u>	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and Investments	\$ 4,943,556	\$ -	\$ 173,636	\$ -	\$ 5,117,192
Escrowed Investment	-	344,480	-	-	344,480
Accounts Receivable	381,007	-	-	35,922	416,929
Interest Receivable	43,202	-	919	120	44,241
Notes Receivable	87,782	-	-	-	87,782
Due from Other Funds	86,691	-	16,798	-	103,489
Due from Other Governments	481	-	166,509	456	167,446
Prepaid Expense	28,502	-	-	1,364	29,866
Inventory	529,180	-	-	-	529,180
Total Current Assets	<u>6,100,401</u>	<u>344,480</u>	<u>357,862</u>	<u>37,862</u>	<u>6,840,605</u>
NONCURRENT ASSETS					
Capital Assets:					
Land	158,356	-	-	-	158,356
Buildings	5,405,938	-	-	14,736	5,420,674
Infrastructure and Improvements	11,787,402	-	957,387	-	12,744,789
Machinery and Equipment	6,531,014	-	-	311,542	6,842,556
Construction in Progress	350,217	-	-	-	350,217
Total Capital Assets	24,232,927	-	957,387	326,278	25,516,592
Less: Accumulated Depreciation	16,569,187	-	65,594	310,627	16,945,408
Net Capital Assets	7,663,740	-	891,793	15,651	8,571,184
Notes Receivable	545,218	-	-	-	545,218
Total Noncurrent Assets	<u>8,208,958</u>	<u>-</u>	<u>891,793</u>	<u>15,651</u>	<u>9,116,402</u>
TOTAL ASSETS	<u>14,309,359</u>	<u>344,480</u>	<u>1,249,655</u>	<u>53,513</u>	<u>15,957,007</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to Pensions	53,234	-	-	-	53,234
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>53,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,234</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$14,362,593</u>	<u>\$ 344,480</u>	<u>\$ 1,249,655</u>	<u>\$ 53,513</u>	<u>\$16,010,241</u>

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

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

	Public Utilities Commission	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	Total
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts Payable	\$ 155,944	\$ -	\$ 3,419	\$ 13,461	\$ 172,824
Due to Other Funds	23,894	-	-	180,578	204,472
Accrued Interest	1,834	4,824	889	-	7,547
Accrued Payroll	31,884	-	-	6,045	37,929
Due to Other Governments	14,245	-	-	692	14,937
Accrued Compensated Absences	73,188	-	-	-	73,188
Customer Deposits	28,400	-	-	-	28,400
Current Amount of Long-Term Debt	<u>174,183</u>	<u>25,000</u>	<u>41,423</u>	<u>-</u>	<u>240,606</u>
Total Current Liabilities	<u>503,572</u>	<u>29,824</u>	<u>45,731</u>	<u>200,776</u>	<u>779,903</u>
LONG-TERM LIABILITIES					
Net Pension Liability	217,747	-	-	-	217,747
Bonds and Notes Payable	1,436,232	315,000	414,487	-	2,165,719
Unamortized Bond Premium	<u>46,338</u>	<u>-</u>	<u>19,752</u>	<u>-</u>	<u>66,090</u>
Total Long-Term Liabilities	<u>1,700,317</u>	<u>315,000</u>	<u>434,239</u>	<u>-</u>	<u>2,449,556</u>
TOTAL LIABILITIES	<u>2,203,889</u>	<u>344,824</u>	<u>479,970</u>	<u>200,776</u>	<u>3,229,459</u>
DEFERRED INFLOWS OF RESOURCES					
Related to Pensions	<u>159,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,804</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>159,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,804</u>
NET POSITION					
Net Investment in Capital Assets	6,053,325	-	435,883	15,651	6,504,859
Unrestricted (Deficit)	<u>5,945,575</u>	<u>(344)</u>	<u>333,802</u>	<u>(162,914)</u>	<u>6,116,119</u>
Total Net Position (Deficit)	<u>11,998,900</u>	<u>(344)</u>	<u>769,685</u>	<u>(147,263)</u>	<u>12,620,978</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$14,362,593</u>	<u>\$ 344,480</u>	<u>\$ 1,249,655</u>	<u>\$ 53,513</u>	<u>\$16,010,241</u>

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

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

	Public Utilities Commission	610 - Rental Housing	651 - Storm Sewer Utility	Nonmajor 608 - Community Ambulance	Total
OPERATING REVENUES					
Sales	\$ 4,166,844	\$ -	\$ 96,398	\$ -	\$ 4,263,242
Charges for Services	583,269	-	-	297,125	880,394
Other Revenues	<u>47,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,123</u>
Total Operating Revenues	<u>4,797,236</u>	<u>-</u>	<u>96,398</u>	<u>297,125</u>	<u>5,190,759</u>
OPERATING EXPENSES					
Salaries	450,551	-	-	158,350	608,901
Depreciation	401,281	-	19,148	12,999	433,428
Insurance	-	8,648	-	1,111	9,759
Repairs, Maintenance and Supplies	-	-	6,726	46,679	53,405
Transmission and Distribution	250,665	-	-	-	250,665
Power Production and Pumping	546,203	-	-	-	546,203
Purification	14,541	-	-	-	14,541
General and Administrative	433,305	-	-	-	433,305
Sewage Collection and Disposal	146,257	-	-	-	146,257
Other Services and Charges	-	39,015	3,964	166,725	209,704
Purchases and generation	<u>1,848,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,848,810</u>
Total Operating Expenses	<u>4,091,613</u>	<u>47,663</u>	<u>29,838</u>	<u>385,864</u>	<u>4,554,978</u>
NET OPERATING INCOME (LOSS)	<u>705,623</u>	<u>(47,663)</u>	<u>66,560</u>	<u>(88,739)</u>	<u>635,781</u>
NON OPERATING INCOME AND EXPENSE					
Interest Income	176,682	23,361	11,632	759	212,434
Gain on Sale of Capital Assets	2,500	622,146	-	-	624,646
Refunds and Reimbursements	2,148	-	-	-	2,148
Contributions and Other	-	-	5,000	60,409	65,409
Grant Income	10,128	-	166,509	-	176,637
Miscellaneous Income	6,456	-	-	-	6,456
Interest Expense	(22,381)	(23,879)	(10,051)	-	(56,311)
Bad Debt Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,443)</u>	<u>(46,443)</u>
Net Non Operating Income and Expense	<u>175,533</u>	<u>621,628</u>	<u>173,090</u>	<u>14,725</u>	<u>984,976</u>
INCOME (LOSS) BEFORE TRANSFERS	881,156	573,965	239,650	(74,014)	1,620,757
Transfer In	-	-	-	20,570	20,570
Transfer Out	<u>(91,949)</u>	<u>(755,864)</u>	<u>(41,560)</u>	<u>-</u>	<u>(889,373)</u>
CHANGE IN NET POSITION	789,207	(181,899)	198,090	(53,444)	751,954
NET POSITION (DEFICIT) - January 1	<u>11,209,693</u>	<u>181,555</u>	<u>571,595</u>	<u>(93,819)</u>	<u>11,869,024</u>
NET POSITION (DEFICIT) - December 31	<u>\$11,998,900</u>	<u>\$ (344)</u>	<u>\$ 769,685</u>	<u>\$ (147,263)</u>	<u>\$ 12,620,978</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, 2025

	<u>Public</u>	<u>610 - Rental</u>	<u>651 - Storm</u>	<u>Nonmajor</u>	
	<u>Utilities</u>	<u>Housing</u>	<u>Sewer Utility</u>	<u>608 -</u>	<u>Total</u>
	<u>Commission</u>	<u> </u>	<u> </u>	<u>Community</u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u>Ambulance</u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 4,762,833	\$ (10,030)	\$ 96,398	\$ 302,760	\$ 5,151,961
Payments to Vendors	(3,338,111)	(41,635)	(7,271)	(216,621)	(3,603,638)
Payments to Employees	(452,446)	-	-	(159,012)	(611,458)
Other Receipts and Payments	<u>8,604</u>	<u>-</u>	<u>166,509</u>	<u>-</u>	<u>175,113</u>
Net Cash Provided (Used) By Operating Activities	<u>980,880</u>	<u>(51,665)</u>	<u>255,636</u>	<u>(72,873)</u>	<u>1,111,978</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Note Receivable	87,782	-	-	-	87,782
Intergovernmental Operating Grants Received	-	-	(166,509)	208	(166,301)
Transfer to Other Funds	(91,949)	(755,864)	(41,560)	20,570	(868,803)
Due to (from) Other Funds	<u>26,695</u>	<u>(99,330)</u>	<u>(353)</u>	<u>37,490</u>	<u>(35,498)</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>22,528</u>	<u>(855,194)</u>	<u>(208,422)</u>	<u>58,268</u>	<u>(982,820)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of Capital Assets	(926,444)	-	(184,687)	-	(1,111,131)
Principal Paid on Capital Debt	(176,133)	(860,000)	(42,297)	-	(1,078,430)
Principal Paid on Due to Debt Service Fund	(22,590)	(32,285)	(10,152)	-	(65,027)
Proceeds from Sale of Capital Assets	2,500	1,925,000	-	-	1,927,500
Capital Grants and Contributions	10,128	-	5,000	60,409	75,537
Bad Debt Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,443)</u>	<u>(46,443)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,112,539)</u>	<u>1,032,715</u>	<u>(232,136)</u>	<u>13,966</u>	<u>(297,994)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	<u>195,829</u>	<u>23,361</u>	<u>12,831</u>	<u>639</u>	<u>232,660</u>
Net Cash Provided By Investing Activities	<u>195,829</u>	<u>23,361</u>	<u>12,831</u>	<u>639</u>	<u>232,660</u>
NET INCREASE (DECREASE) IN CASH	86,698	149,217	(172,091)	-	63,824
CASH AND CASH EQUIVALENTS - January 1	<u>4,856,858</u>	<u>195,263</u>	<u>345,727</u>	<u>-</u>	<u>5,397,848</u>
CASH AND CASH EQUIVALENTS - December 31	<u>\$ 4,943,556</u>	<u>\$ 344,480</u>	<u>\$ 173,636</u>	<u>\$ -</u>	<u>\$ 5,461,672</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, 2025

	<u>Public</u>	<u>610 - Rental</u>	<u>651 - Storm</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Utilities</u>	<u>Housing</u>	<u>Sewer Utility</u>	<u>608 -</u>	
	<u>Commission</u>			<u>Community</u>	
				<u>Ambulance</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities					
Operating Income (Loss)	\$ 705,623	\$ (47,663)	\$ 66,560	\$ (88,739)	\$ 635,781
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities					
Depreciation	401,281	-	19,148	12,999	433,428
Noncash Pension Expense	(63,035)	-	-	-	(63,035)
Changes in Assets and Liabilities					
Receivables	(33,303)	-	-	5,635	(27,668)
Inventory	(70,936)	-	-	-	(70,936)
Prepaid Expenses	910	8,648	-	(83)	9,475
Accounts Payable	(28,304)	(2,620)	3,419	(2,023)	(29,528)
Accrued Wages	4,859	-	-	(662)	4,197
Accrued Compensated Absences	56,281	-	-	-	56,281
Customer Deposits	(1,100)	-	-	-	(1,100)
Unearned Revenue	-	(10,030)	-	-	(10,030)
Other Receipts and Payments	8,604	-	166,509	-	175,113
Net Cash Provided (Used) By Operating Activities	<u>\$ 980,880</u>	<u>\$ (51,665)</u>	<u>\$ 255,636</u>	<u>\$ (72,873)</u>	<u>\$ 1,111,978</u>

CITY OF SPRINGFIELD, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	<u>Private-Purpose Trust Funds</u>		<u>Custodial Fund</u>	
	805 - Housing Trust Fund	804 - Roiger Trust	871 - State	Total
ASSETS:				
Cash and Investments	\$ 307,063	\$ -	\$ 11,972	\$ 319,035
Interest Receivable	1,625	-	-	1,625
Total Assets	\$ 308,688	\$ -	\$ 11,972	\$ 320,660
LIABILITIES:				
Due to Other Governments	\$ -	\$ -	\$ 11,972	\$ 11,972
Total Liabilities	-	-	11,972	11,972
NET POSITION:				
Restricted by Individuals and Other Governments	308,688	-	-	308,688
Total Net Position	308,688	-	-	308,688
TOTAL LIABILITIES AND NET POSITION	\$ 308,688	\$ -	\$ 11,972	\$ 320,660

CITY OF SPRINGFIELD, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Private-Purpose Trust</u>		<u>Custodial</u>	
	<u>Funds</u>		<u>Fund</u>	
	805 - Housing Trust Fund	804 - Roiger Trust	871 - State	<u>Total</u>
ADDITIONS				
Interest Income	\$ 8,688	\$ 138	\$ -	\$ 8,826
Total Revenues	8,688	138	-	8,826
DEDUCTIONS				
Payments for Contracted Services	-	4,795	-	4,795
Total Expenditures	-	4,795	-	4,795
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	8,688	(4,657)	-	4,031
OTHER FINANCING SOURCES (USES)				
Transfer In	300,000	-	-	300,000
EXCESS EXPENDITURES AND OTHER USES OVER REVENUES AND OTHER SOURCES	308,688	(4,657)	-	304,031
NET POSITION - January 1	-	4,657	-	4,657
NET POSITION - December 31	\$ 308,688	\$ -	\$ -	\$ 308,688

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year which the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

The City reports the following major governmental funds:

- General Fund - The General Fund is the City's primary operating fund. It is used to account for all financial resources not required to be accounted for in another fund.
- Medical Center Fund - The Medical Center Fund accounts for costs and revenues associated with operating the medical center building of the City.

The City reports the following major proprietary funds:

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

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

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

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

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

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. Restricted Assets

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

F. Encumbrances

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

G. Deposits and Investments

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

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

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

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

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

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Deposits and Investments (Cont.)

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

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

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

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

H. Property Taxes

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

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

I. Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2025. 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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

K. Inventories

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

L. Interfund Receivables and Payables

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

M. Prepaid Items

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

N. Capital Assets

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

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

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

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

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, 2025 was \$180,579.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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

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

B. Expenditures Over Appropriations

The following sub-functions of the General Fund had expenditures in excess of appropriations for the year ended December 31, 2025.

<u>Function Area</u>	Budget	Actual	Variance
General Fund:			
General Government	\$ 765,837	\$ 787,035	\$ (21,198)
Public Safety	\$ 780,843	\$ 925,116	\$ (144,273)
Miscellaneous	\$ 62,689	\$ 111,057	\$ (48,368)

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont.)

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2025:

FEMA Safe Room Project	(397,239)
Rental Housing	(344)
Community Ambulance	(147,263)

The above deficits will be eliminated through transfers from other funds, grant funds and future charges for services.

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.

At year end, the City's carrying amount of deposits was \$7,827,646 and the bank balance was \$7,854,223 including certificates of deposits of \$4,782,521. Of the bank balance, \$4,674,237 was covered by federal depository insurance and \$192,224 was covered by a letter of credit. Of the remaining balance, \$3,037,762 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

B. Investments

As of December 31, 2025, 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	\$ 3,341,843	\$ -	\$ 3,341,843	\$ -
Moreton Money Market	2,354	-	2,354	-
Total	<u>\$ 3,344,197</u>	<u>\$ -</u>	<u>\$ 3,344,197</u>	<u>\$ -</u>

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

C. Cash on Hand

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (Cont.)

D. Cash and Investments Summary

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

Total Deposits	\$	7,827,646
Total Investments		3,344,197
Total Cash on Hand		<u>550</u>
	\$	<u><u>11,172,393</u></u>
Statement of Net Position		
Primary Government	\$	9,661,316
Escrowed Investment		344,480
Component Unit		847,562
Fiduciary Funds		<u>319,035</u>
	\$	<u><u>11,172,393</u></u>

4. NOTES RECEIVABLE

Local businesses have promissory notes with the Springfield EDA for various amounts. These notes will be paid back to the EDA at various monthly payments with interest at 4.0 to 7.0 percent per annum on all unpaid balances. The balances on these loans at December 31, 2025 is \$164,524 net of allowance of \$222,261. 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, 2025 is \$407,128. 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 \$376,207. Of the balance, \$30,921 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, 2025 was \$340,336.

The City has entered an agreement with Halter Diesel LLC for business addition. The agreement was done through a Rural Development Economic Development Loan program through the PUC. The PUC will receive monthly installments of \$3,113 with interest at 0.0 percent. The balance at December 31, 2025 was \$292,664.

5. DUE TO AND FROM OTHER FUNDS

Due to and from other funds at December 31, 2025, follows:

	Due from Other <u>Funds</u>	Due to Other <u>Funds</u>
General Fund	\$ 194,502	\$ 29,628
Nonmajor Governmental Funds	421,154	485,040
Public Utilities Commission	86,691	23,894
Storm Sewer Utility Fund	16,798	-
Community Ambulance	<u>-</u>	<u>180,578</u>
	<u><u>\$ 719,145</u></u>	<u><u>\$ 719,140</u></u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

5. DUE TO AND FROM OTHER FUNDS (Cont.)

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.

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	\$ 46,656	\$ -
Special assessments receivable	8,726	-
Loans Receivable	-	825
Medical Center		
Prepaid Rent	-	1,630
Nonmajor Governmental Funds		
Special assessments receivable	972,784	-
Capital Improvement Project Revenue	-	79,900
Community Center Revenue	-	13,480
Total	<u>\$ 1,028,166</u>	<u>\$ 95,835</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

7. TRANSFERS

Transfers to and from other funds at December 31, 2025, follows:

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 364,416	\$ 47,746
Nonmajor Governmental Funds	27,929	457,539
Public Utilities Commission	91,950	-
Community Ambulance Fund	-	20,570
Storm Sewer Utility	<u>41,560</u>	<u>-</u>
	<u>\$ 525,855</u>	<u>\$ 525,855</u>

- The General Fund transferred \$267,736 to the Nonmajor Governmental Funds for future capital purchases.
- The Nonmajor Governmental Funds transferred \$34,923 to other Nonmajor Governmental Funds for operating purposes.
- The Nonmajor Governmental Funds transferred \$7,746 the General Fund to and \$9,793 to other Nonmajor Governmental Funds to close out previous funds.
- The Nonmajor Governmental Funds transferred \$16,621 to other Nonmajor Governmental Funds for flood expenses not covered by FEMA.
- The General Fund transferred \$24,566 to Nonmajor Governmental Funds and \$20,570 to the Community Ambulance Fund for operating purposes.
- The Public Utilities Commission transferred \$40,000 to the General Fund for payment in lieu of taxes.
- Nonmajor Governmental Funds transferred \$10,390, the Public Utilities Commission transferred \$51,950 and the Storm Sewer Utility transferred \$41,560 to Nonmajor Governmental Funds for park improvements.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS

Governmental Activities - Capital asset activity for the year ended December 31, 2025 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>2,810,430</u>	<u>279,107</u>	<u>(2,920,596)</u>	<u>168,941</u>
Subtotal	<u>3,540,648</u>	<u>279,107</u>	<u>(2,920,596)</u>	<u>899,159</u>
Other Capital Assets:				
Buildings	11,172,124	15,030	2,686,909	13,874,063
Infrastructure and Improvements	16,127,723	34,295	233,687	16,395,705
Machinery and Equipment	<u>4,676,300</u>	<u>329,783</u>	<u>(47,199)</u>	<u>4,958,884</u>
Subtotal	<u>31,976,147</u>	<u>379,108</u>	<u>2,873,397</u>	<u>35,228,652</u>
Less: Accumulated Depreciation				
Buildings	5,288,403	376,104	-	5,664,507
Infrastructure and Improvements	9,105,493	385,316	-	9,490,809
Machinery and Equipment	<u>3,301,153</u>	<u>208,852</u>	<u>(35,399)</u>	<u>3,474,606</u>
Subtotal	<u>17,695,049</u>	<u>970,272</u>	<u>(35,399)</u>	<u>18,629,922</u>
Net Other Capital Assets	<u>14,281,098</u>	<u>(591,164)</u>	<u>2,908,796</u>	<u>16,598,730</u>
Net Capital Assets	<u>\$ 17,821,746</u>	<u>\$ (312,057)</u>	<u>\$ (11,800)</u>	<u>\$ 17,497,889</u>

Business-Type Activities - The following is a summary of business-type activities capital assets at December 31, 2025:

	<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	\$ 215,354	\$ -	\$ 56,998	\$ 158,356
Construction in Progress	<u>-</u>	<u>350,217</u>	<u>-</u>	<u>350,217</u>
Subtotal	<u>215,354</u>	<u>350,217</u>	<u>56,998</u>	<u>508,573</u>
Other Capital Assets:				
Buildings	7,748,391	-	(2,327,717)	5,420,674
Infrastructure and Improvements	12,210,475	534,314	-	12,744,789
Machinery and Equipment	<u>6,627,956</u>	<u>226,600</u>	<u>12,000</u>	<u>6,842,556</u>
Subtotal	<u>26,586,822</u>	<u>760,914</u>	<u>(2,315,717)</u>	<u>25,008,019</u>
Less: Accumulated Depreciation				
Buildings	5,308,842	73,007	(1,081,862)	4,299,987
Infrastructure and Improvements	6,088,010	278,837	-	6,366,847
Machinery and Equipment	<u>6,208,990</u>	<u>81,584</u>	<u>12,000</u>	<u>6,278,574</u>
Subtotal	<u>17,605,842</u>	<u>433,428</u>	<u>(1,069,862)</u>	<u>16,945,408</u>
Net Other Capital Assets	<u>8,980,980</u>	<u>327,486</u>	<u>(1,245,855)</u>	<u>8,062,611</u>
Net Capital Assets	<u>\$ 9,196,334</u>	<u>\$ 677,703</u>	<u>\$ (1,188,857)</u>	<u>\$ 8,571,184</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN CAPITAL ASSETS (Cont.)

Component Unit Fixed Assets - The following is a summary of component unit type capital assets at December 31, 2025:

	Balance <u>January 1</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	Balance <u>December 31</u>
Not Being Depreciated:				
Land	\$ <u>189,913</u>	\$ <u>-</u>	\$ <u>23,762</u>	\$ <u>166,151</u>
Subtotal	<u>189,913</u>	<u>-</u>	<u>23,762</u>	<u>166,151</u>
Net Capital Assets	\$ <u><u>189,913</u></u>	\$ <u><u>-</u></u>	\$ <u><u>23,762</u></u>	\$ <u><u>166,151</u></u>

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

Governmental Activities:

General Government	\$	25,063
Public Safety		89,668
Public Works		378,118
Culture and Recreation		210,085
Miscellaneous		<u>267,338</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>970,272</u></u>

Business-Type Activities:

Water Fund	\$	61,664
Sewer Fund		122,510
Electric Fund		217,107
Community Ambulance Fund		12,999
Storm Sewer Utility		<u>19,148</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>433,428</u></u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

9. FUND BALANCE

A. Classifications

	General Fund	Medical Center	Nonmajor Governmental Funds	Total
Nonspendable:				
Interfund Receivable	\$ 194,497	\$ -	\$ 421,154	\$ 615,651
Inventory	3,852	-	-	3,852
Prepaid Expenses	<u>66,369</u>	<u>22,249</u>	<u>14,956</u>	<u>103,574</u>
Total Nonspendable	<u>264,718</u>	<u>22,249</u>	<u>436,110</u>	<u>723,077</u>
Restricted for:				
Debt Service	-	-	713,019	713,019
Economic Development	<u>-</u>	<u>-</u>	<u>216,661</u>	<u>216,661</u>
Total Restricted	<u>-</u>	<u>-</u>	<u>929,680</u>	<u>929,680</u>
Committed to:				
Capital Projects	<u>-</u>	<u>-</u>	<u>254,657</u>	<u>254,657</u>
Total Committed	<u>-</u>	<u>-</u>	<u>254,657</u>	<u>254,657</u>
Assigned to:				
Medical Center	-	997,311	-	997,311
Community Center	-	-	294,785	294,785
Library	<u>-</u>	<u>-</u>	<u>855,452</u>	<u>855,452</u>
Total Assigned	<u>-</u>	<u>997,311</u>	<u>1,150,237</u>	<u>2,147,548</u>
Unassigned	<u>1,198,392</u>	<u>-</u>	<u>(397,239)</u>	<u>801,153</u>
Total	<u>\$ 1,463,110</u>	<u>\$ 1,019,560</u>	<u>\$ 2,373,445</u>	<u>\$ 4,856,115</u>

B. Minimum Unassigned Fund Balance Policy

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

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 35-50% of the subsequent year's budgeted expenditures. At December 31, 2025, the unassigned fund balance of the General Fund was 47.0 percent of the subsequent year's budgeted expenditures

10. LEASE RECEIVABLE

The following is a summary of lease receivable transactions of the City for the year ended December 31, 2025.

<u>Describe</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Original Lease Receivable</u>	<u>Current Year Additional Inflows</u>	<u>Balance December 31</u>
Foodshelf	3/1/21	9 years	\$ 630	2.00 %	\$ 56,968	\$ 27,347	\$ 30,175
Office Space	4/1/25	3 years	\$ 900	2.70 %	\$ 31,159	23,369	23,131
Coop Creamery	11/18/20	15 years	\$ 9,500	2.00 %	\$ 117,310	83,793	85,335
Airport Land	3/1/21	3 years	\$ 33,210	2.00 %	\$ 166,952	<u>83,476</u>	<u>55,634</u>
Total Lease Receivable Agreements						<u>\$ 217,985</u>	<u>\$ 194,275</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

10. LEASE RECEIVABLE (Cont.)

A portion of the Springfield Medical Center building has been leased to the Foodshelf and a business for office space. The leases have various lease terms and monthly required lease payments. The interest is 2.0% on the Foodshelf lease and 2.7% on Office Space lease.

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

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

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

Lease Receivable			
<u>Governmental Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 80,896	\$ 4,424	\$ 85,320
2027	25,281	2,176	27,457
2028	17,910	1,657	19,567
2029	15,718	1,336	17,054
2030	9,692	1,067	10,759
2031-2035	<u>44,778</u>	<u>2,722</u>	<u>47,500</u>
Total	<u>\$ 194,275</u>	<u>\$ 13,382</u>	<u>\$ 207,657</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, 2025.

	Balance		Debt	Balance	Current
	<u>January 1</u>	<u>Debt Issued</u>	<u>Retired</u>	<u>December 31</u>	<u>Amount</u>
G.O Bonds	\$ 140,000	\$ -	\$ 20,000	\$ 120,000	\$ 20,000
G.O. Improvement Bonds	3,187,179	-	335,503	2,851,676	347,177
G.O. Tax Abatement Bonds	94,750	-	7,848	86,902	8,006
G.O. Revenue Bonds	1,557,820	-	124,495	1,433,325	127,823
G.O. Revenue Notes	1,200,000	-	860,000	340,000	25,000
Note Payable	<u>720,782</u>	<u>-</u>	<u>87,782</u>	<u>633,000</u>	<u>87,782</u>
Totals	<u>\$ 6,900,531</u>	<u>\$ -</u>	<u>\$1,435,628</u>	<u>\$ 5,464,903</u>	<u>\$ 615,788</u>

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

Bonds outstanding at December 31, 2025 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.

\$ 120,000

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.	105,000
\$1,343,650 G.O. Improvement Bonds of 2018A, due in annual installments of \$70,000 to \$145,000 through December 15, 2033, plus interest from 3.00 - 3.25%. due in semi-annual installments.	651,040
\$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.	2,095,636
\$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>86,902</u>
Total Governmental Activities	<u>3,058,578</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.	1,044,365
\$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.	388,960
\$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.	340,000
\$500,000 Rural Development Economic Development Loan, due in monthly installments of \$4,202 including interest at 0.0% through September 15, 2032. This loan was issued for financing a local business economic development project and will be repaid by the repayment of the loan receivable.	340,336
\$370,500 Rural Development Economic Development Loan, due in monthly installments of \$3,113 including interest at 1.0% through October 9, 2033. This loan was issued for financing a local business economic development project and will be repaid by the repayment of the loan receivable.	<u>292,664</u>
Total Business-Type Activities	<u>2,406,325</u>
Total Long-Term Debt	<u>\$ 5,464,903</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

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

	G. O. Tax Abatement Bonds			G.O. Improvement Bonds		
	<u>Governmental Activities</u>			<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,006	\$ 1,698	\$ 9,704	\$ 347,177	\$ 65,981	\$ 413,158
2027	8,167	1,537	9,704	248,644	55,040	303,684
2028	8,331	1,373	9,704	258,448	47,582	306,030
2029	8,498	1,206	9,704	268,252	39,828	308,080
2030	8,669	1,035	9,704	271,589	31,781	303,370
2031-2035	45,231	2,499	47,730	1,250,672	85,869	1,336,541
2036-2040	-	-	-	206,894	4,138	211,032
Total	<u>\$ 86,902</u>	<u>\$ 9,348</u>	<u>\$ 96,250</u>	<u>\$ 2,851,676</u>	<u>\$ 330,219</u>	<u>\$ 3,181,895</u>

	G.O. Improvement Bonds			G.O. Bonds		
	<u>Business-Type Activities</u>			<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 127,822	\$ 33,040	\$ 160,862	\$ 20,000	\$ 3,030	\$ 23,030
2027	131,356	29,205	160,561	20,000	2,430	22,430
2028	136,552	25,264	161,816	25,000	1,830	26,830
2029	141,748	21,169	162,917	25,000	1,080	26,080
2030	143,410	16,915	160,325	30,000	330	30,330
2031-2035	649,329	44,496	693,825	-	-	-
2036-2040	103,106	2,064	105,170	-	-	-
Total	<u>\$1,433,323</u>	<u>\$ 172,153</u>	<u>\$1,605,476</u>	<u>\$ 120,000</u>	<u>\$ 8,700</u>	<u>\$ 128,700</u>

	G.O. Revenue Bond			Note Payable		
	<u>Business-Type Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 25,000	\$ 9,648	\$ 34,648	\$ 87,781	-	\$ 87,781
2027	20,000	9,098	29,098	87,782	-	87,782
2028	20,000	8,658	28,658	87,781	-	87,781
2029	20,000	8,218	28,218	87,781	-	87,781
2030	20,000	7,778	27,778	87,781	-	87,781
2031-2035	120,000	28,824	148,824	194,095	-	194,095
2036-2040	115,000	8,694	123,694	-	-	-
Total	<u>\$ 340,000</u>	<u>\$ 80,918</u>	<u>\$ 420,918</u>	<u>\$ 633,001</u>	<u>\$ -</u>	<u>\$ 633,001</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 2025 was \$66,544.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

13. DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description

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

1. General Employees Retirement Plan (General Plan)

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

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

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

B. Benefits Provided

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

B. Benefits Provided (Cont.)

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2025 annual increase was 1.25 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a reduced prorated increase.

2. Police and Fire Plan Benefits

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

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

C. Contributions

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

C. Contributions (Cont.)

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City of Springfield, Minnesota was required to contribute 7.50% for General Plan members. The City of Springfield, Minnesota's contributions to the General Employees Fund for the year ended December 31, 2025, were \$106,670. The City of Springfield, Minnesota's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City of Springfield, Minnesota was required to contribute 17.70% for Police and Fire Plan members. The City of Springfield, Minnesota's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$82,344. The City of Springfield, Minnesota's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2025, the City of Springfield, Minnesota reported a liability of \$501,747 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 \$12,104.

The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Springfield, Minnesota's proportion share of the net pension liability was based on the City of Springfield, Minnesota's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City of Springfield, Minnesota's proportionate share was 0.0151% at the end of the measurement period and 0.0147% for the beginning of the period.

City of Springfield proportionate share of the net pension liability	\$ 501,747
State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield	<u>12,104</u>
Total	<u>\$ 513,851</u>

For the year ended December 31, 2025, the City of Springfield, Minnesota recognized pension expense of \$(19,905) for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Springfield, Minnesota recognized an additional \$2,423 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.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

At December 31, 2025, the City of Springfield, Minnesota reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 47,806	\$ -
Changes in actuarial assumptions	12,089	115,450
Net difference between projected and actual earnings on pension plan investments	-	199,650
Changes in proportion	28,632	17,335
Employer contributions subsequent to the measurement date	<u>53,820</u>	<u>-</u>
Total	<u>\$ 142,347</u>	<u>\$ 332,435</u>

The \$53,820 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, 2026. Other amounts reported as deferred outflows and deferred 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>
2026	\$ (62,554)
2027	\$ (83,353)
2028	\$ (62,337)
2029	\$ (35,665)
2030	\$ -
Thereafter	\$ -

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City of Springfield, Minnesota reported a liability of \$335,175 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Springfield, Minnesota's proportionate share of the net pension liability was based on the City of Springfield, Minnesota's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City of Springfield, Minnesota's proportionate share was 0.0286% at the end of the measurement period and 0.0228% for the beginning of the period.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets 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 aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund is 90 percent funded and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100 percent funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield, Minnesota totaled \$11,619.

City of Springfield, Minnesota's proportionate share of the net pension liability	\$ 335,175
State of Minnesota's proportionate share of the net pension liability associated with the City of Springfield, Minnesota	<u>11,619</u>
Total	<u>\$ 346,794</u>

For the year ended December 31, 2025 the City of Springfield, Minnesota recognized pension expense of \$89,153 for its proportionate share of the Police and Fire Plan's pension expense. The City of Springfield, Minnesota recognized \$10,213 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

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 because this contribution was not considered to meet the definition of a special funding situation. The City of Springfield, Minnesota recognized \$7,638 for the year ended December 31, 2025 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.

At December 31, 2025, the City of Springfield, Minnesota reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 154,862	\$ -
Changes in actuarial assumptions	254,170	419,961
Net collective difference between projected and actual earnings on pension plan investments	-	149,593
Changes in proportion	95,246	54,003
Employer contributions subsequent to the measurement date	<u>42,660</u>	<u>-</u>
Total	<u>\$ 546,938</u>	<u>\$ 623,557</u>

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

D. Pension Costs (Cont.)

The \$42,660 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, 2026. 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>
2026	\$ 77,364
2027	\$ (64,239)
2028	\$ (154,712)
2029	\$ (3,152)
2030	\$ 25,460
Thereafter	\$ -

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by the actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

- Inflation is assumed to be 2.25% for the General Employee Plan, Police and Fire Plan and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

F. Actuarial Assumptions (Cont.)

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3.0% after 27 years of service. In the police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.0% after 23 years of service. In the Correctional Plan, salary growth assumptions range in annual increment from 8.0% after one year of service to 3.0% after 19 years of service.

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 General Employees plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan and Correctional Plan were reviewed in 2024. The assumption changes were adopted by the board and became effective July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

F. Actuarial Assumptions (Cont.)

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increase were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the addition \$9.0 million state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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

F. Actuarial Assumptions (Cont.)

- Join and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
General Employees Fund:	\$ 1,218,665	\$ 501,747	\$ (79,835)
	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Police and Fire Fund	\$ 878,231	\$ 335,175	\$ (110,759)

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. OTHER POST EMPLOYMENT BENEFITS

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

15. RELATED PARTY TRANSACTIONS

There were no material related party transactions during the year 2025.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

16. 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.

17. TAX ABATEMENTS

As of December 31, 2025, the City has four agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreements with developers and residents. The agreements was negotiated under state law (Minnesota Statutes Sections 469.1812-1812.1815 and 469.1813).

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

17. TAX ABATEMENTS (Cont.)

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

	<u>Amount of Taxes Abated During the Year</u>
<u>Tax Abatement Agreements</u>	
602 Appel St	\$ 3,245
MAT Industries	18,000
403 Von Fischer	22
405 Von Fischer	22
Springfield Creamery	690
	<u>\$ 21,979</u>

18. PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments have been made to the financial statements to adjust December 31, 2024 fund balances and net assets.

Governmental Activities:

Net Pension Asset	\$ 24,051
Deferred Outflows of Resources	71,652
Deferred Inflows of Resources	(52,870)
Total Prior Period Adjustments	<u>\$ 42,833</u>

19. SUBSEQUENT EVENTS

Management evaluated all activity of City of Springfield through May 20, 2026 (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, 2025

With Comparative Amounts for the year ended December 31, 2024

		<u>2025</u>			<u>2024</u>
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
REVENUES:					
TAXES:					
General Property Taxes	\$ 1,273,901	\$ 1,273,901	\$ 1,272,750	\$ (1,151)	\$ 1,129,168
Special Assessments	-	-	3,302	3,302	2,140
Lodging Tax	<u>60,780</u>	<u>60,780</u>	<u>79,353</u>	<u>18,573</u>	<u>820</u>
Total Taxes	<u>1,334,681</u>	<u>1,334,681</u>	<u>1,355,405</u>	<u>20,724</u>	<u>1,132,128</u>
LICENSES AND PERMITS:					
Business	<u>15,965</u>	<u>15,965</u>	<u>17,300</u>	<u>1,335</u>	<u>14,827</u>
INTERGOVERNMENTAL REVENUE:					
FEMA Grants	-	-	63,261	63,261	15,684
Other Federal Grants	2,000	2,000	1,864	(136)	1,773
Local Government Aid	1,019,964	1,019,964	1,019,964	-	1,019,091
Market Value Credit	-	-	371	371	555
State Police Aid	22,000	22,000	31,182	9,182	37,835
State Fire Aid	-	-	52,081	52,081	42,183
Other State Grants	<u>71,114</u>	<u>71,114</u>	<u>63,563</u>	<u>(7,551)</u>	<u>160,153</u>
Total Intergovernmental Revenue	<u>1,115,078</u>	<u>1,115,078</u>	<u>1,232,286</u>	<u>117,208</u>	<u>1,277,274</u>
CHARGES FOR SERVICES:					
General Government	202,202	202,202	204,824	2,622	190,263
Public Safety	47,400	47,400	53,808	6,408	42,030
Streets and Highways	12,000	12,000	11,382	(618)	8,815
Culture and Recreation	36,000	36,000	31,643	(4,357)	27,747
Airport	<u>64,444</u>	<u>64,444</u>	<u>46,281</u>	<u>(18,163)</u>	<u>62,985</u>
Total Charges for Services	<u>362,046</u>	<u>362,046</u>	<u>347,938</u>	<u>(14,108)</u>	<u>331,840</u>
FINES AND FORFEITS	<u>2,000</u>	<u>2,000</u>	<u>1,640</u>	<u>(360)</u>	<u>3,278</u>
INTEREST INCOME	<u>10,862</u>	<u>10,862</u>	<u>56,088</u>	<u>45,226</u>	<u>16,189</u>
MISCELLANEOUS:					
Rental Income	-	-	800	800	1,500
Refunds and Reimbursements	-	-	23,990	23,990	58,672
Contributions and Donations	9,750	9,750	15,597	5,847	29,968
Miscellaneous Income	<u>360</u>	<u>360</u>	<u>987</u>	<u>627</u>	<u>3,053</u>
Total Miscellaneous	<u>10,110</u>	<u>10,110</u>	<u>41,374</u>	<u>31,264</u>	<u>93,193</u>
TOTAL REVENUES	<u>2,850,742</u>	<u>2,850,742</u>	<u>3,052,031</u>	<u>201,289</u>	<u>2,868,729</u>
OTHER FINANCING SOURCES					
Transfer In	<u>40,000</u>	<u>40,000</u>	<u>47,746</u>	<u>7,746</u>	<u>40,000</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>2,890,742</u>	<u>2,890,742</u>	<u>3,099,777</u>	<u>209,035</u>	<u>2,908,729</u>
EXPENDITURES:					
GENERAL GOVERNMENT:					
Mayor and Council:					
Personnel Services	21,262	21,262	18,774	2,488	19,146
Other Current Expenditures	<u>33,539</u>	<u>33,539</u>	<u>29,472</u>	<u>4,067</u>	<u>35,675</u>
Total Mayor and Council	<u>54,801</u>	<u>54,801</u>	<u>48,246</u>	<u>6,555</u>	<u>54,821</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025
 With Comparative Amounts for the year ended December 31, 2024

	<u>2025</u>			Variance with Final	<u>2024</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
EXPENDITURES (Cont.):					
GENERAL GOVERNMENT (Cont.):					
Election:					
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ 11,654
Other Current Expenditures	-	-	-	-	1,265
Total Election	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,919</u>
Administrative and Finance:					
Personnel Services	532,873	532,873	528,759	4,114	466,271
Supplies	6,000	6,000	7,540	(1,540)	6,059
Other Current Expenditures	<u>26,358</u>	<u>26,358</u>	<u>34,407</u>	<u>(8,049)</u>	<u>22,442</u>
Total Administrative and Finance	<u>565,231</u>	<u>565,231</u>	<u>570,706</u>	<u>(5,475)</u>	<u>494,772</u>
Deputy Registrar of Motor Vehicles:					
Current Expenditures	66,983	66,983	77,349	(10,366)	62,566
Capital Outlay	-	-	15,030	(15,030)	-
Total Deputy Registrar of Motor Vehicles	<u>66,983</u>	<u>66,983</u>	<u>92,379</u>	<u>(25,396)</u>	<u>62,566</u>
Planning and Zoning:					
Current Expenditures	<u>75</u>	<u>75</u>	<u>200</u>	<u>(125)</u>	<u>96</u>
Total Planning and Zoning	<u>75</u>	<u>75</u>	<u>200</u>	<u>(125)</u>	<u>96</u>
Assessor Fees:					
Current Expenditures	<u>21,237</u>	<u>21,237</u>	<u>21,237</u>	<u>-</u>	<u>21,030</u>
Independent Auditing:					
Current Expenditures	<u>20,000</u>	<u>20,000</u>	<u>16,972</u>	<u>3,028</u>	<u>18,217</u>
Legal:					
Current Expenditures	<u>37,510</u>	<u>37,510</u>	<u>37,295</u>	<u>215</u>	<u>36,759</u>
Total Legal	<u>37,510</u>	<u>37,510</u>	<u>37,295</u>	<u>215</u>	<u>36,759</u>
Total General Government	<u>765,837</u>	<u>765,837</u>	<u>787,035</u>	<u>(21,198)</u>	<u>701,180</u>
PUBLIC SAFETY:					
Police Protection:					
Personnel Services	579,161	579,161	679,324	(100,163)	510,002
Supplies	26,100	26,100	24,469	1,631	20,615
Other Current Expenditures	<u>72,468</u>	<u>72,468</u>	<u>78,393</u>	<u>(5,925)</u>	<u>74,744</u>
Total Police Protection	<u>677,729</u>	<u>677,729</u>	<u>782,186</u>	<u>(104,457)</u>	<u>605,361</u>
Civil Defense:					
Personnel Services	-	-	1,564	(1,564)	-
Current Expenditures	<u>5,897</u>	<u>5,897</u>	<u>5,096</u>	<u>801</u>	<u>2,890</u>
Total Civil Defense	<u>5,897</u>	<u>5,897</u>	<u>6,660</u>	<u>(763)</u>	<u>-</u>
Fire Protection:					
Personnel Services	32,301	32,301	78,248	(45,947)	71,954
Supplies	12,200	12,200	3,312	8,888	17,358
Other Current Expenditures	<u>45,621</u>	<u>45,621</u>	<u>36,895</u>	<u>8,726</u>	<u>26,005</u>
Total Fire Protection	<u>90,122</u>	<u>90,122</u>	<u>118,455</u>	<u>(28,333)</u>	<u>115,317</u>

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

FOR THE YEAR ENDED DECEMBER 31, 2025
 With Comparative Amounts for the year ended December 31, 2024

	<u>2025</u>			Variance with Final	<u>2024</u>
	Original Budget	Final Budget	Actual	Budget	Actual
EXPENDITURES (Cont.):					
PUBLIC SAFETY:					
Animal Control:					\$ -
Personnel Services	3,595	3,595	10,549	(6,954)	856
Supplies	1,000	1,000	2,715	(1,715)	101
Other Current Expenditures	<u>2,500</u>	<u>2,500</u>	<u>4,551</u>	<u>(2,051)</u>	<u>1,926</u>
Total Animal Control	<u>7,095</u>	<u>7,095</u>	<u>17,815</u>	<u>(10,720)</u>	<u>2,883</u>
Total Public Safety	<u>780,843</u>	<u>780,843</u>	<u>925,116</u>	<u>(144,273)</u>	<u>726,451</u>
STREETS AND HIGHWAYS:					
Streets and Alleys:					
Personnel Services	148,105	148,105	144,092	4,013	134,659
Supplies	65,000	65,000	55,912	9,088	30,176
Other Current Expenditures	<u>165,029</u>	<u>165,029</u>	<u>145,333</u>	<u>19,696</u>	<u>182,904</u>
Total Streets and Alleys	<u>378,134</u>	<u>378,134</u>	<u>345,337</u>	<u>32,797</u>	<u>347,739</u>
Total Streets and Highways	<u>378,134</u>	<u>378,134</u>	<u>345,337</u>	<u>32,797</u>	<u>347,739</u>
CULTURE AND RECREATION:					
Administration and Boards:					
Personnel Services	169,518	169,518	151,494	18,024	147,057
Supplies	13,500	13,500	22,962	(9,462)	21,779
Other Current Expenditures	35,202	35,202	42,829	(7,627)	19,652
Capital Outlay	-	-	-	-	8,861
Total Administration and Boards	<u>218,220</u>	<u>218,220</u>	<u>217,285</u>	<u>935</u>	<u>197,349</u>
Swimming Pool:					
Personnel Services	72,593	72,593	41,707	30,886	39,573
Supplies	10,500	10,500	5,341	5,159	12,965
Other Current Expenditures	<u>33,920</u>	<u>33,920</u>	<u>52,804</u>	<u>(18,884)</u>	<u>30,148</u>
Total Swimming Pool	<u>117,013</u>	<u>117,013</u>	<u>99,852</u>	<u>17,161</u>	<u>82,686</u>
Library:					
Personnel Services	142,939	142,939	96,302	46,637	132,321
Other Current Expenditures	<u>29,266</u>	<u>29,266</u>	<u>29,474</u>	<u>(208)</u>	<u>16,734</u>
Total Library	<u>172,205</u>	<u>172,205</u>	<u>125,776</u>	<u>46,429</u>	<u>149,055</u>
Camping:					
Supplies	4,000	4,000	1,640	2,360	1,091
Other Current Expenditures	<u>9,737</u>	<u>9,737</u>	<u>13,513</u>	<u>(3,776)</u>	<u>11,215</u>
Total Camping	<u>13,737</u>	<u>13,737</u>	<u>15,153</u>	<u>(1,416)</u>	<u>12,306</u>
Total Culture and Recreation	<u>521,175</u>	<u>521,175</u>	<u>458,066</u>	<u>63,109</u>	<u>441,396</u>
ECONOMIC DEVELOPMENT:					
Other Current Expenditures	<u>37,190</u>	<u>37,190</u>	<u>36,979</u>	<u>211</u>	<u>39,381</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025
 With Comparative Amounts for the year ended December 31, 2024

	<u>2025</u>			Variance with Final Budget	<u>2024</u>
	Original Budget	Final Budget	Actual		Actual
EXPENDITURES (Cont.):					
MISCELLANEOUS:					
Airport					
Personnel Services	\$ 2,275	\$ 2,275	\$ 4,062	\$ (1,787)	\$ 3,265
Other Current Expenditures	59,214	59,214	54,101	5,113	49,090
Current Expenditures	<u>1,200</u>	<u>1,200</u>	<u>52,894</u>	<u>(51,694)</u>	<u>34,353</u>
Total Miscellaneous	<u>62,689</u>	<u>62,689</u>	<u>111,057</u>	<u>(48,368)</u>	<u>86,708</u>
TOTAL EXPENDITURES	<u>2,545,868</u>	<u>2,545,868</u>	<u>2,663,590</u>	<u>(117,722)</u>	<u>2,342,855</u>
 EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	 <u>344,874</u>	 <u>344,874</u>	 <u>436,187</u>	 <u>91,313</u>	 <u>565,874</u>
 OTHER FINANCING USES:					
Transfer Out	<u>(344,874)</u>	<u>(344,874)</u>	<u>(364,416)</u>	<u>(19,542)</u>	<u>(310,425)</u>
 EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 -	 -	 71,771	 71,771	 255,449
 FUND BALANCES - January 1	 <u>1,391,339</u>	 <u>1,391,339</u>	 <u>1,391,339</u>	 <u>-</u>	 <u>1,135,890</u>
 FUND BALANCES - December 31	 <u>\$ 1,391,339</u>	 <u>\$ 1,391,339</u>	 <u>\$ 1,463,110</u>	 <u>\$ 71,771</u>	 <u>\$ 1,391,339</u>

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 PERA GENERAL EMPLOYEES RETIREMENT FUND
 DECEMBER 31, 2025

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, 2025	0.0151 %	501,747	12,104	513,851	1,371,267	37.47 %	90.80 %
June 30, 2024	0.0147 %	543,263	14,048	557,311	1,243,720	44.81 %	89.10 %
June 30, 2023	0.0144 %	805,232	22,202	827,434	1,144,813	72.28 %	83.10 %
June 30, 2022	0.0155 %	1,227,605	36,093	1,263,698	1,164,165	108.55 %	76.67 %
June 30, 2021	0.0152 %	649,108	19,741	668,849	1,133,508	57.26 %	87.00 %
June 30, 2020	0.0152 %	911,309	27,978	939,287	1,004,586	90.71 %	79.00 %
June 30, 2019	0.0143 %	790,615	24,499	815,114	1,045,350	75.63 %	80.20 %
June 30, 2018	0.0148 %	821,043	26,957	848,000	996,465	82.39 %	79.50 %
June 30, 2017	0.0150 %	957,590	12,004	969,594	963,341	99.40 %	75.90 %
June 30, 2016	0.0152 %	1,234,165	16,120	1,250,285	941,747	131.05 %	68.90 %

CITY OF SPRINGFIELD, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2025

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, 2025	\$ 106,670	\$ 106,670	-	\$ 1,422,267	7.50 %
December 31, 2024	\$ 99,143	\$ 99,143	-	\$ 1,321,907	7.50 %
December 31, 2023	\$ 87,150	\$ 87,150	-	\$ 1,162,000	7.50 %
December 31, 2022	\$ 81,761	\$ 81,761	-	\$ 1,090,153	7.50 %
December 31, 2021	\$ 85,823	\$ 85,823	-	\$ 1,144,307	7.50 %
December 31, 2020	\$ 79,873	\$ 79,873	-	\$ 1,064,973	7.50 %
December 31, 2019	\$ 77,428	\$ 77,428	-	\$ 1,032,373	7.50 %
December 31, 2018	\$ 77,671	\$ 77,671	-	\$ 1,035,613	7.50 %
December 31, 2017	\$ 73,516	\$ 73,516	-	\$ 980,213	7.50 %
December 31, 2016	\$ 71,584	\$ 71,584	-	\$ 954,453	7.50 %

CITY OF SPRINGFIELD, MINNESOTA
 SCHEDULE OF PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
 DECEMBER 31, 2025

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, 2025	0.0286 %	335,175	434,158	77.20 %	91.80 %
June 30, 2024	0.0228 %	299,864	315,621	95.01 %	90.20 %
June 30, 2023	0.0264 %	455,894	818,969	55.67 %	86.50 %
June 30, 2022	0.0251 %	1,092,253	719,212	151.87 %	70.53 %
June 30, 2021	0.0247 %	190,658	312,742	60.96 %	93.70 %
June 30, 2020	0.0288 %	379,615	300,545	126.31 %	87.20 %
June 30, 2019	0.0260 %	276,796	286,798	96.51 %	89.30 %
June 30, 2018	0.0273 %	290,990	287,737	101.13 %	88.80 %
June 30, 2017	0.0260 %	351,031	270,710	129.67 %	85.40 %
June 30, 2016	0.0270 %	1,083,557	262,523	412.75 %	63.90 %

CITY OF SPRINGFIELD, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND
DECEMBER 31, 2025

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, 2025	\$ 82,344	\$ 82,344	-	\$ 465,220	17.70 %
December 31, 2024	\$ 65,151	\$ 65,151	-	\$ 368,085	17.70 %
December 31, 2023	\$ 59,008	\$ 59,008	-	\$ 333,379	17.70 %
December 31, 2022	\$ 55,942	\$ 55,942	-	\$ 316,055	17.70 %
December 31, 2021	\$ 49,982	\$ 49,982	-	\$ 282,384	17.70 %
December 31, 2020	\$ 55,394	\$ 55,394	-	\$ 312,960	16.95 %
December 31, 2019	\$ 51,484	\$ 51,484	-	\$ 303,740	16.95 %
December 31, 2018	\$ 46,909	\$ 46,909	-	\$ 289,562	16.20 %
December 31, 2017	\$ 44,960	\$ 44,960	-	\$ 277,531	16.20 %
December 31, 2016	\$ 42,941	\$ 42,941	-	\$ 265,068	16.20 %

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Change in Plan Provisions

- The assumed post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

Changes in Actuarial Assumptions

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

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

Change in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Change in Plan Provisions

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

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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.

Police and Fire Fund

2025 Changes

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2024 Changes

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF SPRINGFIELD, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

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 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.

SECTION III

SUPPLEMENTAL SECTION

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2025

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
ASSETS:				
Cash and Investments	\$ 1,301,545	\$ 708,365	\$ 244,087	\$ 2,253,997
Accounts Receivable	9,106	-	-	9,106
Special Assessments Receivable	-	671,044	301,740	972,784
Interest Receivable	8,720	3,750	2,971	15,441
Notes Receivable	49,290	72,729	-	122,019
Due from Other Funds	23,916	-	397,238	421,154
Due from Other Governments	23,932	(638)	136,841	160,135
Lease Receivable	-	85,335	-	85,335
Prepaid Expense	<u>14,956</u>	<u>-</u>	<u>-</u>	<u>14,956</u>
TOTAL ASSETS	<u>\$ 1,431,465</u>	<u>\$ 1,540,585</u>	<u>\$ 1,082,877</u>	<u>\$ 4,054,927</u>
LIABILITIES:				
Accounts Payable	\$ 8,383	\$ -	\$ 35,513	\$ 43,896
Accrued Payroll	2,569	-	-	2,569
Due to Other Funds	1,243	72,729	411,068	485,040
Due to Other Governments	20	-	-	20
Unearned Revenue	<u>13,480</u>	<u>-</u>	<u>79,900</u>	<u>93,380</u>
Total Liabilities	<u>25,695</u>	<u>72,729</u>	<u>526,481</u>	<u>624,905</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	-	671,044	301,740	972,784
Related to Leases	<u>-</u>	<u>83,793</u>	<u>-</u>	<u>83,793</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>754,837</u>	<u>301,740</u>	<u>1,056,577</u>
FUND BALANCES:				
Nonspendable	38,872	-	397,238	436,110
Restricted	216,661	713,019	-	929,680
Committed	-	-	254,657	254,657
Assigned	1,150,237	-	-	1,150,237
Unassigned (Deficit)	<u>-</u>	<u>-</u>	<u>(397,239)</u>	<u>(397,239)</u>
Total Fund Balances	<u>1,405,770</u>	<u>713,019</u>	<u>254,656</u>	<u>2,373,445</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,431,465</u>	<u>\$ 1,540,585</u>	<u>\$ 1,082,877</u>	<u>\$ 4,054,927</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Project Funds	Total
REVENUES				
Taxes	\$ 30,361	\$ 342,628	\$ 46,829	\$ 419,818
Intergovernmental Revenue	40,720	-	458,069	498,789
Charges for Services	104,456	13,129	-	117,585
Fines and Forfeits	109	-	-	109
Interest Income	43,194	31,503	19,843	94,540
Miscellaneous	<u>75,109</u>	<u>-</u>	<u>637,685</u>	<u>712,794</u>
Total Revenues	<u>293,949</u>	<u>387,260</u>	<u>1,162,426</u>	<u>1,843,635</u>
EXPENDITURES				
Culture and Recreation	280,154	-	66,968	347,122
Economic Development	-	17,377	-	17,377
Miscellaneous	-	-	698,933	698,933
Principal Payments	-	363,351	-	363,351
Interest Payments	-	82,032	-	82,032
Miscellaneous	-	1,485	-	1,485
Capital Outlay	<u>13,188</u>	<u>-</u>	<u>629,997</u>	<u>643,185</u>
Total Expenditures	<u>293,342</u>	<u>464,245</u>	<u>1,395,898</u>	<u>2,153,485</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	607	(76,985)	(233,472)	(309,850)
OTHER FINANCING SOURCES (USES)				
Transfer In	100,902	-	357,666	458,568
Transfer Out	<u>(9,792)</u>	<u>-</u>	<u>(18,136)</u>	<u>(27,928)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	91,717	(76,985)	106,058	120,790
FUND BALANCES - January 1	<u>1,314,053</u>	<u>790,004</u>	<u>148,598</u>	<u>2,252,655</u>
FUND BALANCES - December 31	<u>\$ 1,405,770</u>	<u>\$ 713,019</u>	<u>\$ 254,656</u>	<u>\$ 2,373,445</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2025

	228 - Recreation Complex	210 - Library Board	241 - Small Cities Grant II	242 - Small Cities Grant	278 - Community Center	Total
ASSETS						
Cash and Investments	\$ 70,246	\$ 852,282	\$ 6,883	\$ 66,349	\$ 305,785	\$ 1,301,545
Accounts Receivable	-	-	-	-	9,106	9,106
Interest Receivable	372	6,240	36	351	1,721	8,720
Notes Receivable	-	-	30,921	18,369	-	49,290
Due from Other Funds	23,916	-	-	-	-	23,916
Due from Other Governments	23,932	-	-	-	-	23,932
Prepaid Expense	8,792	-	-	-	6,164	14,956
	<u>\$ 127,258</u>	<u>\$ 858,522</u>	<u>\$ 37,840</u>	<u>\$ 85,069</u>	<u>\$ 322,776</u>	<u>\$ 1,431,465</u>
TOTAL ASSETS						
LIABILITIES						
Accounts Payable	\$ 620	\$ 3,050	\$ -	\$ -	\$ 4,713	\$ 8,383
Accrued Payroll	-	-	-	-	2,569	2,569
Due to Other Funds	178	-	-	-	1,065	1,243
Due to Other Governments	-	20	-	-	-	20
Unearned Revenue	-	-	-	-	13,480	13,480
	<u>798</u>	<u>3,070</u>	<u>-</u>	<u>-</u>	<u>21,827</u>	<u>25,695</u>
Total Liabilities						
FUND BALANCES						
Nonspendable	32,708	-	-	-	6,164	38,872
Restricted	93,752	-	37,840	85,069	-	216,661
Assigned	-	855,452	-	-	294,785	1,150,237
Total Fund Balances	<u>126,460</u>	<u>855,452</u>	<u>37,840</u>	<u>85,069</u>	<u>300,949</u>	<u>1,405,770</u>
	<u>\$ 127,258</u>	<u>\$ 858,522</u>	<u>\$ 37,840</u>	<u>\$ 85,069</u>	<u>\$ 322,776</u>	<u>\$ 1,431,465</u>
TOTAL LIABILITIES AND FUND BALANCES						

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	228 - Recreation Complex	210 - Library Board	241 - Small Cities Grant II	242 - Small Cities Grant	278 - Community Center	Total
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 30,361	\$ 30,361
Intergovernmental Revenue	21,369	19,351	-	-	-	40,720
Charges for Services	-	2,322	-	-	102,134	104,456
Fines and Forfeits	-	109	-	-	-	109
Interest Income	1,595	33,257	700	2,472	5,170	43,194
Miscellaneous	49,923	12,700	-	10,060	2,426	75,109
Total Revenues	<u>72,887</u>	<u>67,739</u>	<u>700</u>	<u>12,532</u>	<u>140,091</u>	<u>293,949</u>
EXPENDITURES						
Culture and Recreation	69,179	40,753	-	-	170,222	280,154
Capital Outlay	-	-	-	-	13,188	13,188
Total Expenditures	<u>69,179</u>	<u>40,753</u>	<u>-</u>	<u>-</u>	<u>183,410</u>	<u>293,342</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>3,708</u>	<u>26,986</u>	<u>700</u>	<u>12,532</u>	<u>(43,319)</u>	<u>607</u>
OTHER FINANCING SOURCES (USES)						
Transfer In	66,544	-	-	9,792	24,566	100,902
Transfer Out	-	-	(9,792)	-	-	(9,792)
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	70,252	26,986	(9,092)	22,324	(18,753)	91,717
FUND BALANCES - January 1	<u>56,208</u>	<u>828,466</u>	<u>46,932</u>	<u>62,745</u>	<u>319,702</u>	<u>1,314,053</u>
FUND BALANCES - December 31	<u>\$ 126,460</u>	<u>\$ 855,452</u>	<u>\$ 37,840</u>	<u>\$ 85,069</u>	<u>\$ 300,949</u>	<u>\$ 1,405,770</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2025

	320 - 2021A G.O. Tax Abatement Bond	322 - 2021B G.O. Bonds	323 - 2018A G.O. Improvement Bonds	324 - 2021B G.O. Improvement Bonds	327 - 2010A G.O. Bonds	378 - TIF District 1-4	Total
ASSETS							
Cash and Investments	\$ 27,712	\$ 6,242	\$ 279,996	\$ 342,973	\$ 50,650	\$ 792	\$ 708,365
Special Assessments Receivable	-	-	90,716	580,328	-	-	671,044
Interest Receivable	147	33	1,481	1,814	268	7	3,750
Notes Receivable	-	-	-	-	-	72,729	72,729
Due from Other Governments	-	-	-	-	(638)	-	(638)
Lease Receivable	<u>85,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,335</u>
TOTAL ASSETS	<u>\$ 113,194</u>	<u>\$ 6,275</u>	<u>\$ 372,193</u>	<u>\$ 925,115</u>	<u>\$ 50,280</u>	<u>\$ 73,528</u>	<u>\$ 1,540,585</u>
LIABILITIES							
Due to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,729</u>	<u>\$ 72,729</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,729</u>	<u>72,729</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	-	90,716	580,328	-	-	671,044
Related to Leases	<u>83,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,793</u>
Total Deferred Inflows of Resources	<u>83,793</u>	<u>-</u>	<u>90,716</u>	<u>580,328</u>	<u>-</u>	<u>-</u>	<u>754,837</u>
FUND BALANCES							
Restricted	<u>29,401</u>	<u>6,275</u>	<u>281,477</u>	<u>344,787</u>	<u>50,280</u>	<u>799</u>	<u>713,019</u>
Total Fund Balances	<u>29,401</u>	<u>6,275</u>	<u>281,477</u>	<u>344,787</u>	<u>50,280</u>	<u>799</u>	<u>713,019</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 113,194</u>	<u>\$ 6,275</u>	<u>\$ 372,193</u>	<u>\$ 925,115</u>	<u>\$ 50,280</u>	<u>\$ 73,528</u>	<u>\$ 1,540,585</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, 2025

	320 - 2021A G.O. Tax Abatement Bond	322 - 2021B G.O. Bonds	323 - 2018A G.O. Improvement Bonds	324 - 2021B G.O. Improvement Bonds	327 - 2010A G.O. Bonds	378 - TIF District 1-4	Total
REVENUES							
Taxes	\$ 690	\$ 24,812	\$ 89,985	\$ 131,448	\$ 77,534	\$ 18,159	\$ 342,628
Charges for Services	13,129	-	-	-	-	-	13,129
Interest Income	<u>2,902</u>	<u>395</u>	<u>9,897</u>	<u>15,182</u>	<u>3,111</u>	<u>17</u>	<u>31,504</u>
Total Revenues	<u>16,721</u>	<u>25,207</u>	<u>99,882</u>	<u>146,630</u>	<u>80,645</u>	<u>18,176</u>	<u>387,261</u>
EXPENDITURES							
Economic Development	-	-	-	-	-	17,377	17,377
Principal Payments	7,848	20,000	71,990	163,513	100,000	-	363,351
Interest Payments	1,856	3,630	22,243	47,128	7,175	-	82,032
Miscellaneous	<u>-</u>	<u>24</u>	<u>495</u>	<u>471</u>	<u>495</u>	<u>-</u>	<u>1,485</u>
Total Expenditures	<u>9,704</u>	<u>23,654</u>	<u>94,728</u>	<u>211,112</u>	<u>107,670</u>	<u>17,377</u>	<u>464,245</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	7,017	1,553	5,154	(64,482)	(27,025)	799	(76,984)
FUND BALANCES - January 1	<u>22,384</u>	<u>4,722</u>	<u>276,323</u>	<u>409,269</u>	<u>77,306</u>	<u>-</u>	<u>790,004</u>
FUND BALANCES - December 31	<u>\$ 29,401</u>	<u>\$ 6,275</u>	<u>\$ 281,477</u>	<u>\$ 344,787</u>	<u>\$ 50,281</u>	<u>\$ 799</u>	<u>\$ 713,020</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 DECEMBER 31, 2025

	<u>405 - Martha Anderson Vet Park</u>	<u>407 - Multi- Purp Com Fac Grant</u>	<u>408 - FEMA Safe Room Project</u>	<u>411 - Capital Improvement Projects</u>	<u>427 - IND Park Improvement</u>	<u>Total</u>
ASSETS:						
Cash and Investments	\$ -	\$ -	\$ -	\$ 244,088	\$ -	\$ 244,088
Special Assessments Receivable	-	-	-	301,740	-	301,740
Interest Receivable	-	-	-	2,971	-	2,971
Due from Other Funds	-	-	-	397,238	-	397,238
Due from Other Governments	-	<u>38,772</u>	-	<u>98,069</u>	-	<u>136,841</u>
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 38,772</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,044,106</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,082,878</u></u>
LIABILITIES:						
LIABILITIES:						
Accounts Payable	-	24,942	-	10,571	-	35,513
Due to Other Funds	-	13,830	397,239	-	-	411,069
Unearned Revenue	-	-	-	<u>79,900</u>	-	<u>79,900</u>
Total Liabilities	<u>-</u>	<u>38,772</u>	<u>397,239</u>	<u>90,471</u>	<u>-</u>	<u>526,482</u>
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,740</u>	<u>-</u>	<u>301,740</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,740</u>	<u>-</u>	<u>301,740</u>
FUND BALANCES:						
Nonspendable	-	-	-	397,238	-	397,238
Committed	-	-	-	254,657	-	254,657
Unassigned (Deficit)	<u>-</u>	<u>-</u>	<u>(397,239)</u>	<u>-</u>	<u>-</u>	<u>(397,239)</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>(397,239)</u>	<u>651,895</u>	<u>-</u>	<u>254,656</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ 38,772</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,044,106</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,082,878</u></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, 2025

	405 - Martha Anderson Vet Park	407 - Multi- Purp Com Fac Grant	408 - FEMA Safe Room Project	411 - Capital Improvement Projects	427 - IND Park Improvement	Total
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 46,829	\$ -	\$ 46,829
Intergovernmental Revenue	-	38,772	141,029	278,268	-	458,069
Interest Income	201	-	-	19,642	-	19,843
Miscellaneous	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>634,985</u>	<u>-</u>	<u>637,685</u>
Total Revenues	<u>2,901</u>	<u>38,772</u>	<u>141,029</u>	<u>979,724</u>	<u>-</u>	<u>1,162,426</u>
EXPENDITURES						
Culture and Recreation	4,668	38,772	21,032	2,496	-	66,968
Miscellaneous	-	-	-	595,033	103,900	698,933
Capital Outlay	<u>-</u>	<u>-</u>	<u>51,462</u>	<u>578,535</u>	<u>-</u>	<u>629,997</u>
Total Expenditures	<u>4,668</u>	<u>38,772</u>	<u>72,494</u>	<u>1,176,064</u>	<u>103,900</u>	<u>1,395,898</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,767)	-	68,535	(196,340)	(103,900)	(233,472)
OTHER FINANCING SOURCES (USES):						
Transfer In	-	-	1,030	252,736	103,900	357,666
Transfer Out	<u>(7,746)</u>	<u>-</u>	<u>-</u>	<u>(10,390)</u>	<u>-</u>	<u>(18,136)</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(9,513)	-	69,565	46,006	-	106,058
FUND BALANCES - January 1	<u>9,513</u>	<u>-</u>	<u>(466,804)</u>	<u>605,889</u>	<u>-</u>	<u>148,598</u>
FUND BALANCES - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (397,239)</u>	<u>\$ 651,895</u>	<u>\$ -</u>	<u>\$ 254,656</u>

CITY OF SPRINGFIELD, MINNESOTA
COMBINING STATEMENT OF NET POSITION
PUBLIC UTILITIES COMMISSION
DECEMBER 31, 2025

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,458,450	\$ 1,341,711	\$ 2,143,395	\$ 4,943,556
Accounts Receivable	51,072	58,086	271,849	381,007
Interest Receivable	12,746	11,801	18,655	43,202
Notes Receivable	-	-	87,782	87,782
Due from Other Funds	761	-	85,930	86,691
Due from Other Governments	65	65	351	481
Prepaid Expense	4,301	5,646	18,555	28,502
Inventory	-	1,044	528,136	529,180
Total Current Assets	<u>1,527,395</u>	<u>1,418,353</u>	<u>3,154,653</u>	<u>6,100,401</u>
NONCURRENT ASSETS				
Capital Assets:				
Land	12,263	100,733	45,360	158,356
Buildings	1,626,811	3,186,034	593,093	5,405,938
Infrastructure and Improvements	4,137,599	2,401,389	5,248,414	11,787,402
Machinery and Equipment	280,952	394,296	5,855,766	6,531,014
Construction in Progress	-	-	350,217	350,217
Total Capital Assets	<u>6,057,625</u>	<u>6,082,452</u>	<u>12,092,850</u>	<u>24,232,927</u>
Less: Accumulated Depreciation	3,868,394	3,448,885	9,251,908	16,569,187
Net Capital Assets	<u>2,189,231</u>	<u>2,633,567</u>	<u>2,840,942</u>	<u>7,663,740</u>
Notes Receivable	-	-	545,218	545,218
Total Assets	<u>3,716,626</u>	<u>4,051,920</u>	<u>6,540,813</u>	<u>14,309,359</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	19,993	19,992	13,249	53,234
Total Assets and Deferred Outflows of Resources	<u>\$ 3,736,619</u>	<u>\$ 4,071,912</u>	<u>\$ 6,554,062</u>	<u>\$ 14,362,593</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 769	\$ 2,960	\$ 152,215	\$ 155,944
Due to Other Funds	2,757	4,086	17,051	23,894
Accrued Interest	984	770	80	1,834
Accrued Payroll	4,814	4,814	22,256	31,884
Due to Other Governments	-	-	14,245	14,245
Accrued Compensated Absences	10,131	10,131	52,926	73,188
Customer Deposits	-	-	28,400	28,400
Current Amount of Long-Term Debt	45,963	36,511	91,709	174,183
Total Current Liabilities	<u>65,418</u>	<u>59,272</u>	<u>378,882</u>	<u>503,572</u>
LONG-TERM LIABILITIES				
Net Pension Liability	66,528	66,517	84,702	217,747
Bonds and Notes Payable	463,601	382,984	589,647	1,436,232
Unamortized Bond Premium	22,631	20,837	2,870	46,338
Total Long-Term Liabilities	<u>552,760</u>	<u>470,338</u>	<u>677,219</u>	<u>1,700,317</u>
Total Liabilities	<u>618,178</u>	<u>529,610</u>	<u>1,056,101</u>	<u>2,203,889</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	39,698	39,697	80,409	159,804
NET POSITION				
Net Investment in Capital Assets	1,679,667	2,214,072	2,159,586	6,053,325
Unrestricted	1,399,076	1,288,533	3,257,966	5,945,575
Total Net Position	<u>3,078,743</u>	<u>3,502,605</u>	<u>5,417,552</u>	<u>11,998,900</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,736,619</u>	<u>\$ 4,071,912</u>	<u>\$ 6,554,062</u>	<u>\$ 14,362,593</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, 2025

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
OPERATING REVENUES				
Sales	\$ 596,866	\$ -	\$ 3,569,978	\$ 4,166,844
Charges for Services	-	583,269	-	583,269
Miscellaneous Revenues	-	-	47,123	47,123
Total Operating Revenues	<u>596,866</u>	<u>583,269</u>	<u>3,617,101</u>	<u>4,797,236</u>
OPERATING EXPENSES				
Salaries	149,747	135,267	165,537	450,551
Depreciation	61,664	122,510	217,107	401,281
Transmission and Distribution	84,646	-	166,019	250,665
Power Production and Pumping	34,065	-	512,138	546,203
Purification	14,541	-	-	14,541
General and Administrative	31,049	51,458	350,798	433,305
Sewage Collection and Disposal	-	146,257	-	146,257
Purchases and generation	-	-	1,848,810	1,848,810
Total Operating Expenses	<u>375,712</u>	<u>455,492</u>	<u>3,260,409</u>	<u>4,091,613</u>
Net Operating Income (Loss)	<u>221,154</u>	<u>127,777</u>	<u>356,692</u>	<u>705,623</u>
NON OPERATING REVENUE (EXPENSE)				
Interest Income	52,297	47,903	76,482	176,682
Gain on Sale of Capital Assets	-	2,500	-	2,500
Refunds and Reimbursements	2,148	-	-	2,148
Grant Income	9,966	162	-	10,128
Miscellaneous Income	-	-	6,456	6,456
Interest Expense	<u>(13,170)</u>	<u>(8,394)</u>	<u>(817)</u>	<u>(22,381)</u>
Total Non Operating Revenue (Expense)	<u>51,241</u>	<u>42,171</u>	<u>82,121</u>	<u>175,533</u>
CHANGE IN NET POSITION BEFORE TRANSFERS				
	272,395	169,948	438,813	881,156
Transfer (to) from Other Funds	<u>(43,333)</u>	<u>(38,333)</u>	<u>(10,283)</u>	<u>(91,949)</u>
CHANGE IN NET POSITION	229,062	131,615	428,530	789,207
NET POSITION - January 1	<u>2,849,681</u>	<u>3,370,990</u>	<u>4,989,022</u>	<u>11,209,693</u>
NET POSITION - December 31	<u>\$ 3,078,743</u>	<u>\$ 3,502,605</u>	<u>\$ 5,417,552</u>	<u>\$ 11,998,900</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 PUBLIC UTILITIES COMMISSION
 FOR THE YEAR ENDED DECEMBER 31, 2025

	601 - Water Utility	602 - Sewer Utility	604 - Electric Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 595,111	\$ 578,673	\$ 3,589,049	\$ 4,762,833
Payments to Vendors	(162,095)	(197,796)	(2,978,220)	(3,338,111)
Payments to Employees	(151,206)	(136,726)	(164,514)	(452,446)
Other Receipts and Payments	<u>2,148</u>	<u>-</u>	<u>6,456</u>	<u>8,604</u>
Net Cash Provided By Operating Activities	<u>283,958</u>	<u>244,151</u>	<u>452,771</u>	<u>980,880</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers (to) from Other Funds	(43,333)	(38,333)	(10,283)	(91,949)
Note Receivable	-	-	87,782	87,782
Due to (from) Other Funds	<u>386</u>	<u>(589)</u>	<u>26,898</u>	<u>26,695</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(42,947)</u>	<u>(38,922)</u>	<u>104,397</u>	<u>22,528</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	-	(22,540)	(903,904)	(926,444)
Grant Income	9,966	162	-	10,128
Principal Paid on Debt	(46,950)	(37,364)	(91,819)	(176,133)
Interest Paid on Debt	(13,281)	(8,482)	(827)	(22,590)
Proceeds from the Sale of Capital Assets	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net Cash Used By Capital and Related Financing Activities	<u>(50,265)</u>	<u>(65,724)</u>	<u>(996,550)</u>	<u>(1,112,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received	<u>53,769</u>	<u>50,320</u>	<u>91,740</u>	<u>195,829</u>
Net Cash Provided By Investing Activities	<u>53,769</u>	<u>50,320</u>	<u>91,740</u>	<u>195,829</u>
NET INCREASE (DECREASE) IN CASH	244,515	189,825	(347,642)	86,698
CASH AND INVESTMENTS - January 1	<u>1,213,935</u>	<u>1,151,886</u>	<u>2,491,037</u>	<u>4,856,858</u>
CASH AND INVESTMENTS - December 31	<u>\$ 1,458,450</u>	<u>\$ 1,341,711</u>	<u>\$ 2,143,395</u>	<u>\$ 4,943,556</u>

CITY OF SPRINGFIELD, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	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	\$ 221,154	\$ 127,777	\$ 356,692	\$ 705,623
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities				
Depreciation	61,664	122,510	217,107	401,281
Noncash Pension Expense	(9,423)	(9,423)	(44,189)	(63,035)
Changes in Assets and Liabilities				
Receivables	(1,755)	(4,596)	(26,952)	(33,303)
Inventory	-	(167)	(70,769)	(70,936)
Prepaid Expenses	2,533	2,604	(4,227)	910
Accounts Payable	(327)	(2,518)	(25,459)	(28,304)
Accrued Wages	809	809	3,241	4,859
Compensated Absences	7,155	7,155	41,971	56,281
Customer Deposits	-	-	(1,100)	(1,100)
Other Receipts and Payments	2,148	-	6,456	8,604
Net Cash Provided By Operating Activities	\$ 283,958	\$ 244,151	\$ 452,771	\$ 980,880

CITY OF SPRINGFIELD, MINNESOTA
SUMMARY FINANCIAL REPORT

REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

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

	<u>Total</u> <u>2025</u>	<u>Total</u> <u>2024</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
REVENUES:			
Taxes and Assessments	\$ 1,775,223	\$ 1,635,762	8.53 %
Licenses and Permits	17,300	14,827	16.68 %
Intergovernmental	1,731,075	2,078,967	(16.73)%
Charges for Services	649,769	632,587	2.72 %
Fines	1,749	3,714	(52.91)%
Investment Earnings	164,030	182,452	(10.10)%
Miscellaneous	754,168	1,153,398	(34.61)%
Transfer In	<u>506,314</u>	<u>525,704</u>	<u>(3.69)%</u>
Total Revenues	<u>\$ 5,599,628</u>	<u>\$ 6,227,411</u>	<u>(10.08)%</u>
Per Capita	<u>2,944</u>	<u>3,274</u>	
EXPENDITURES:			
Current			
General Government	\$ 772,005	\$ 1,036,936	(25.55)%
Public Safety	925,116	726,451	27.35 %
Public Works	345,337	347,739	(0.69)%
Culture and Recreation	805,188	741,673	8.56 %
Health & Welfare	306,117	247,013	23.93 %
Economic Development	54,356	56,112	(3.13)%
Miscellaneous	809,990	102,604	689.43 %
Debt Service:			
Principal Payments	363,351	356,729	1.86 %
Interest Payments	82,032	92,858	(11.66)%
Miscellaneous	1,485	1,485	- %
Capital Outlay	658,215	1,888,753	(65.15)%
Transfer Out	<u>27,928</u>	<u>506,273</u>	<u>(94.48)%</u>
Total Expenditures	<u>\$ 5,151,120</u>	<u>\$ 6,104,626</u>	<u>(15.62)%</u>
Per Capita	<u>2,708</u>	<u>3,210</u>	
Governmental Long-term Indebtedness	<u>\$ 3,058,578</u>	<u>\$ 3,421,929</u>	<u>(10.62)%</u>
Per Capita	<u>1,608</u>	<u>1,799</u>	
General Fund Unassigned Fund Balance - December 31	<u>\$ 1,198,392</u>	<u>\$ 852,187</u>	<u>40.63 %</u>
Per Capita	<u>630</u>	<u>448</u>	

SECTION IV

ADDITIONAL INFORMATION

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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, 2025, 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 May 20, 2026.

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 as item 2025-001 that we consider to be significant deficiency.

Report on Compliance and Other Matters

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

City of Springfield, Minnesota's Response to Findings

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

Purpose of this Report

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

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

May 20, 2026

CITY OF SPRINGFIELD
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

INTERNAL CONTROL FINDINGS

Audit Finding 2025-001

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.

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

Repeat of Prior-Year Finding: 2024-001

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.

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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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2026.

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

May 20, 2026