

Annual Financial Report

City of Springfield
Springfield, Minnesota

For the Year Ended
December 31, 2020

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City of Springfield, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION
CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Springfield, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2020

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lowell Helget	Mayor	12/31/20
Theresa Beckman	Council	12/31/22
Mike Rothmeier	Council	12/31/22
Samantha Hesse	Council	12/31/20
John Mueller	Council	12/31/20

APPOINTED

Joe Stemcha	Manager
Amy Vogel	Clerk
R.S. Loomis	Treasurer
Paul Muske	Attorney

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FINANCIAL SECTION
CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Springfield, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Springfield, Minnesota, (the City) as of and for the year ended December 31, 2020, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General fund and Recreation Complex fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Funding Progress for Fire Relief Association Pension, the Schedules of Employer's Contributions, and the related note disclosures starting on page 86 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.

Other Information

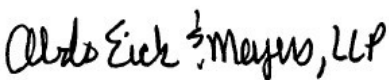
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 10, 2021

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Management's Discussion and Analysis

As management of the City of Springfield, Minnesota, (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, 2020.

Financial Highlights

- 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 \$24,527,890 (net position). Of this amount, \$5,193,734 (unrestricted assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,805,777, compared to an increase of \$832,235 in the previous year. Of this increase, business-type activities (enterprise fund) had an increase of \$604,837 and governmental activities had an increase of \$5,200,940. The increase in business-type activities was primarily due to an increase in charges for services and a decrease in Water and Sewer fund expenses. The increase in governmental activities was mainly due to \$4,175,400 of contributed capital assets relating to the medical center.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,105,991, an increase of \$1,172,656 in comparison with the prior year. Approximately 23.5 percent of this total amount, \$963,442, is available for spending at the City's discretion, \$1,311,482 has been assigned for specific purposes, \$367,103 has been committed for specific purposes, \$1,340,230 is restricted for various purposes, and \$123,734 is nonspendable for prepaid items and assets held for resale.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

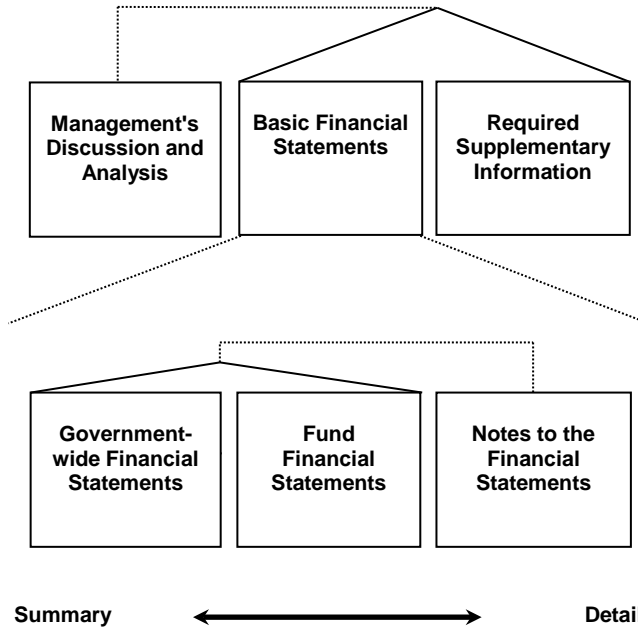


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported 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* presents 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).

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 highway, housing and economic development, culture and recreation, airport and miscellaneous. The business-type activities of the City include electric, water, sewer, community ambulance, storm sewer utility, and rental housing.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 31 of this report.

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 functions 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 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 and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 18 individual governmental funds, 7 of which are Debt Service funds, which are reported as one fund for financial reporting. 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, Debt Service, Recreation Complex and the Medical Center, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General and Recreation Complex funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found starting on page 36 of 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 water utility, sewer utility, electric utility, community ambulance, rental housing operations, and storm sewer utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found starting on page 42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 53 of this report.

Required supplementary information. The required supplementary information can be found starting on page 86 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund statements and schedules can be found starting on page 96 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,527,890 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (71.3 percent) reflects its investment in capital assets (e.g., land, buildings, 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.

City of Springfield's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 5,088,869	\$ 4,163,527	\$ 925,342	\$ 3,823,199	\$ 3,246,152	\$ 577,047
Capital assets	14,591,421	10,779,906	3,811,515	8,209,391	8,266,455	(57,064)
Total Assets	19,680,290	14,943,433	4,736,857	12,032,590	11,512,607	519,983
Deferred Outflows of Resources	354,769	434,232	(79,463)	52,062	34,813	17,249
Liabilities						
Long-term liabilities	2,912,769	3,398,658	(485,889)	2,389,392	2,579,238	(189,846)
Other liabilities	1,034,800	856,085	178,715	880,536	690,581	189,955
Total Liabilities	3,947,569	4,254,743	(307,174)	3,269,928	3,269,819	109
Deferred Inflows of Resources	348,042	584,414	(236,372)	26,282	93,996	(67,714)
Net Position						
Net investment in capital assets	11,678,652	7,381,248	4,297,404	5,819,999	5,687,217	132,782
Restricted	1,835,505	1,825,843	9,662	-	-	-
Unrestricted	2,225,291	1,331,417	893,874	2,968,443	2,496,388	472,055
Total Net Position	\$ 15,739,448	\$ 10,538,508	\$ 5,200,940	\$ 8,788,442	\$ 8,183,605	\$ 604,837

An additional portion of the City's net position (7.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (21.2 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 three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City's net position by \$5,200,940. Key elements of this increase are as follows:

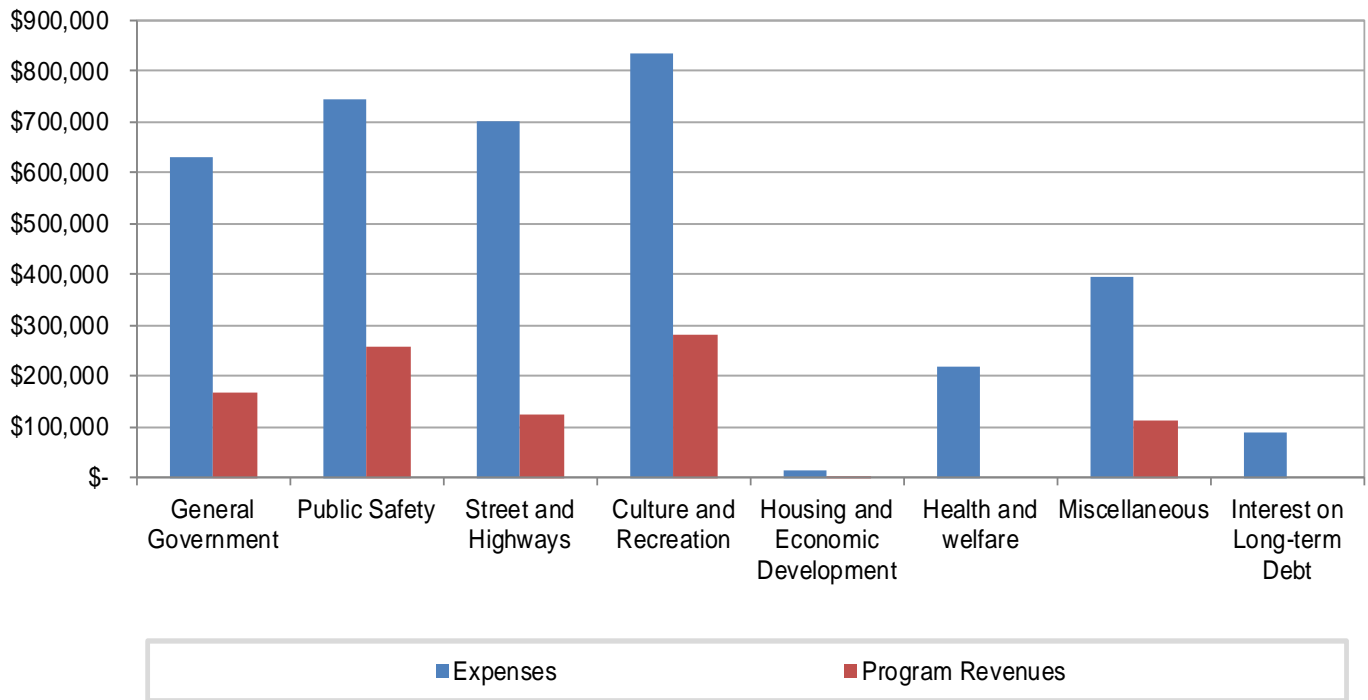
- \$4,175,400 of contributed capital assets related to the transfer of ownership of the Medical Center.
- Increase in charges for services of \$1,424,013 due to Mayo Clinic terminating their lease which necessitated a payout of \$1,277,122.

City of Springfield's Changes in Net Position

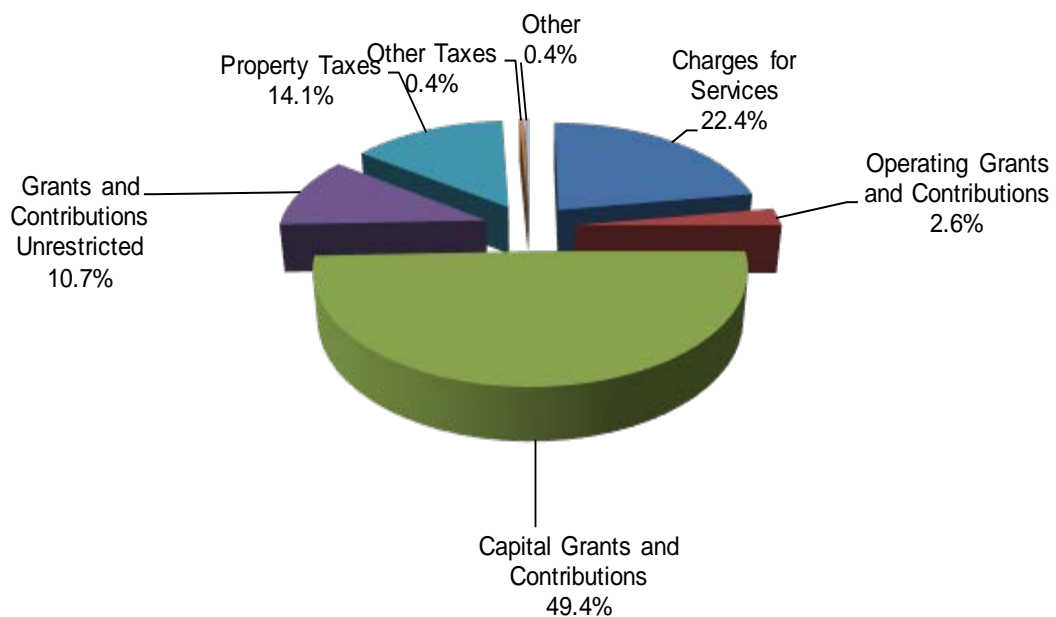
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,967,745	\$ 540,382	\$ 1,427,363	\$ 4,446,994	\$ 4,403,421	\$ 43,573
Operating grants and contributions	228,526	393,553	(165,027)	21,801	29,084	(7,283)
Capital grants and contributions	4,344,634	798,757	3,545,877	-	-	-
General Revenues						
Property taxes/tax increments	1,242,501	1,161,863	80,638	-	-	-
Other taxes	37,675	40,417	(2,742)	-	-	-
Grants and contributions not restricted to specific programs	937,932	951,059	(13,127)	-	-	-
Unrestricted investment earnings	24,594	28,932	(4,338)	21,886	25,061	(3,175)
Gain on sale of capital assets	6,688	8,585	(1,897)	-	9,300	(9,300)
Total Revenues	8,790,295	3,923,548	4,866,747	4,490,681	4,466,866	23,815
Expenses						
General government	631,323	539,493	91,830	-	-	-
Public safety	743,290	765,659	(22,369)	-	-	-
Streets and highways	701,066	701,673	(607)	-	-	-
Culture and recreation	833,201	985,186	(151,985)	-	-	-
Housing and economic development	12,648	221,352	(208,704)	-	-	-
Health and welfare	220,239	-	220,239	-	-	-
Miscellaneous	393,627	211,116	182,511	-	-	-
Interest on long-term debt	88,961	99,808	(10,847)	-	-	-
Electric	-	-	-	2,503,591	2,474,867	28,724
Water	-	-	-	406,478	542,200	(135,722)
Sewer	-	-	-	456,462	573,169	(116,707)
Storm sewer	-	-	-	16,126	11,525	4,601
Community ambulance	-	-	-	289,966	217,928	72,038
Rental housing	-	-	-	178,221	214,203	(35,982)
Total Expenses	3,624,355	3,524,287	100,068	3,850,844	4,033,892	(183,048)
Increase (Decrease) in Net Position before Transfers and Contributions	5,165,940	399,261	4,766,679	639,837	432,974	206,863
Transfers	35,000	66,223	(31,223)	(35,000)	(66,223)	31,223
Change in Net Position	5,200,940	465,484	4,735,456	604,837	366,751	238,086
Net Position - January 1	10,538,508	10,949,190	(410,682)	8,183,605	7,816,854	366,751
Prior Period Restatement (Note 8)	-	(876,166)	876,166	-	-	-
Net Position - December 31	\$ 15,739,448	\$ 10,538,508	\$ 5,200,940	\$ 8,788,442	\$ 8,183,605	\$ 604,837

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



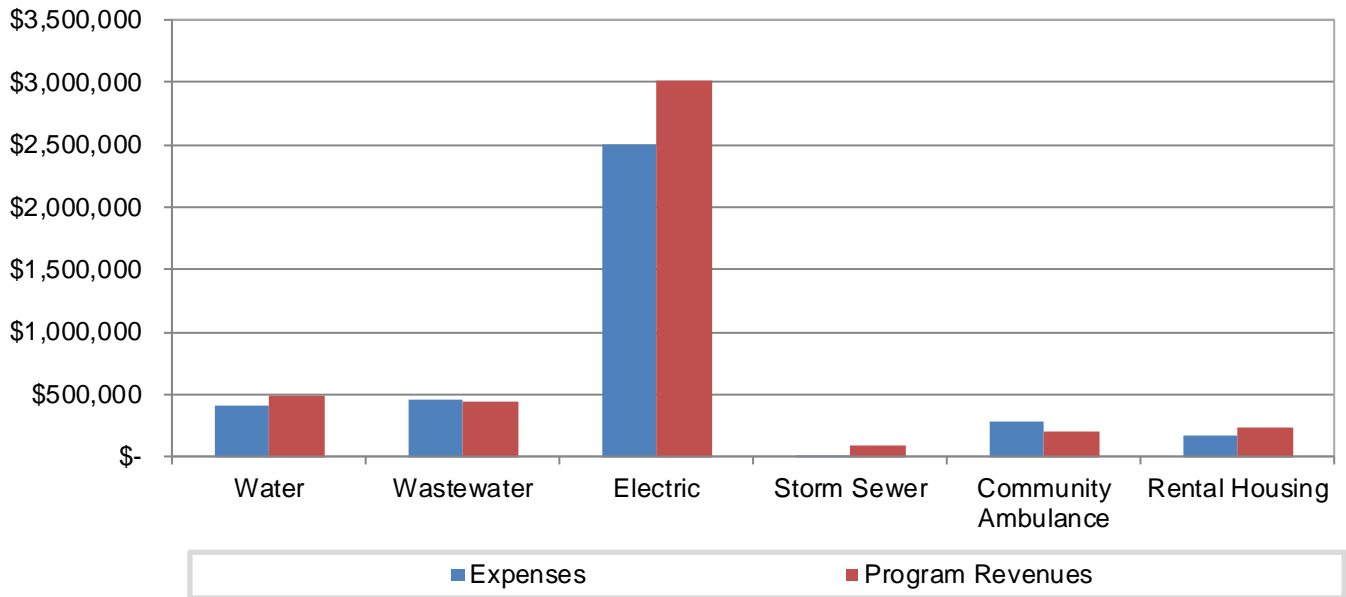
Revenues by Source - Governmental Activities



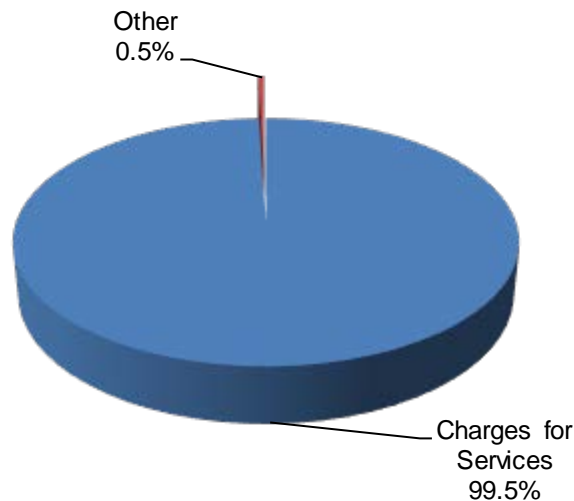
Business-type activities. Business-type activities increased the City's net position by \$604,837. Key elements of this increase are as follows:

- Increase in charges for services of \$43,573.
- Decrease in Water fund expenses of \$135,722 which was largely attributable to the decrease was in transmission and distribution (\$46,735).
- Decrease in Sewer fund expenses of \$116,707 which was largely attributable to the decrease was in administration and general (\$101,356).

Expenses and Program Revenues - Business-type Activities



Revenue by Source Business-type Activities



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, *unrestricted fund balance* may serve as a useful measure of a 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 balances of \$4,105,991, an increase of \$1,172,656 in comparison with the prior year. Approximately 55.4 percent of this total amount (\$2,274,924) constitutes *unrestricted fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is either nonspendable (\$123,734), restricted (\$1,340,230), or committed (\$367,103) for the purposes described in the fund balance section of each balance sheet.

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 \$1,461,000. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.4 percent of fund expenditures, while total fund balance represents 65.3 percent of that same amount.

The fund balance of the City's General fund increased by \$273,118 during the current fiscal year. This increase is mostly due to an increase of FEMA dollars received for reimbursement of flooding costs in 2018 in the amount of \$78,232 and a decrease in culture and recreation expenditures of \$78,839 due to the pool being closed for the 2020 season due to COVID.

The *Debt Service fund* has a total fund balance of \$753,172, all of which is restricted for the payment of debt service. The decrease in fund balance during the current year in the debt service fund was \$42,018.

The fund balance of the *Recreation Complex fund* decreased by \$231,485 during the current fiscal year. This decrease is mostly due to an increase in capital outlay expenditures related to the construction of the Norm Wilson baseball concession stand.

The *Medical Center fund* is a new fund in the current fiscal year. The fund has a total fund balance of \$1,203,594 at the end of the current fiscal year mainly due to revenue related to Mayo Clinic terminating their lease.

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 \$2,968,443. The total increase in net position for the funds was \$604,837. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. The budget called for an equivalent amount of expenditures and revenues. Revenues were more than budget by \$243,942 and actual expenditures were \$41,849 under budget for the year. Net transfers were \$12,673 over budget, netting to an overall variance resulting in fund balance being \$273,118 over expectations.

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, 2020, amounts to \$22,800,812 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 19.7 percent (a 35.4 percent increase for governmental activities and a 0.7 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The Norm Wilson concession stand project was completed for a total cost of \$551,452.
- The purchase of a 2020 Ford Explorer for the Police department in the amount of \$50,081.
- The purchase of 3 Raypak pool heaters in the amount of \$48,957.
- The completion of the 2020 light distribution project for a total cost of \$107,689.
- The construction of the Parkview Place parking lot for a total cost of \$135,434.
- Contributed capital assets from the Medical Center of \$4,175,400.

Additional information on the City's capital assets can be found in Note 3C starting on page 64 of this report.

City of Springfield's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 736,429	\$ 736,429	\$ -	\$ 215,355	\$ 215,355	\$ -
Buildings and Improvements Infrastructure and Other Improvements	7,130,099	2,757,134	4,372,965	2,897,785	2,881,177	16,608
Machinery and Equipment	4,862,142	5,206,480	(344,338)	4,484,739	4,549,134	(64,395)
Construction in Progress	1,572,560	1,611,551	(38,991)	501,122	590,521	(89,399)
	290,191	468,312	(178,121)	110,390	30,268	80,122
Total	\$ 14,591,421	\$ 10,779,906	\$ 3,811,515	\$ 8,209,391	\$ 8,266,455	\$ (57,064)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$5,275,000. Of this amount, \$2,788,713 is special assessment debt and \$2,381,287 is revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Springfield's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
G.O. Improvement Bonds	\$ 2,788,713	\$ 3,220,100	\$ (431,387)	\$ -	\$ -	\$ -
G.O. Tax Abatement Bonds	105,000	155,000	(50,000)	-	-	-
General Obligation						
Revenue Bonds	-	-	-	801,287	894,901	(93,614)
Revenue Bonds	-	-	-	1,580,000	1,675,000	(95,000)
Total	\$ 2,893,713	\$ 3,375,100	\$ (481,387)	\$ 2,381,287	\$ 2,569,901	\$ (188,614)

The City's total debt decreased by \$670,001 (11.3 percent) during the current fiscal year. This decrease was due to bond payments during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$2,662,815 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 68 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Brown County is currently 4.1 percent, which is the higher than the rate of 4.0 from a year ago. This is favorable to the State's average unemployment rate of 4.7 percent and the national average rate of 6.7 percent.
- Property valuations within the City remain strong and growing.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2021 fiscal year.

During the current fiscal year, unassigned fund balance in the General fund increased to \$290,751. It is intended that this use of available fund balance will avoid the need to excessively raise taxes or charges during the 2021 fiscal year.

Property taxes will increase 4.0 percent in 2021. The City's share of property taxes is comparable to similar sized cities throughout the State.

Water Utility, Sewer Utility and Electric Utility rates increased in 2020. In 2021, Water rates will increase by 20% and Sewer rates by 30%.

Ambulance base rates will remain the same for 2021 at \$850 and the mileage rate will also remain the same at \$25 per mile.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Springfield, 2 East Central Street, Springfield, Minnesota 56087-1608.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Springfield, Minnesota
Statement of Net Position
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Assets				
Cash and temporary investments	\$ 3,895,548	\$ 2,961,509	\$ 6,857,057	\$ 114,088
Receivables				
Accrued interest	3,704	771	4,475	-
Delinquent taxes	15,971	-	15,971	-
Accounts, net of allowance	13,005	390,738	403,743	-
Notes, net of allowance	201,732	-	201,732	144,124
Special assessments	735,432	70,642	806,074	-
Intergovernmental	59,899	866	60,765	-
Due from primary government	-	-	-	135,000
Internal balances	(26,150)	26,150	-	-
Inventories	214	330,303	330,517	-
Prepaid items	103,934	42,220	146,154	189
Pension asset	65,780	-	65,780	-
Asset held for resale	19,800	-	19,800	-
Capital assets				
Nondepreciable	1,026,620	325,745	1,352,365	189,913
Depreciable, net of accumulated depreciation	13,564,801	7,883,646	21,448,447	-
Total Assets	<u>19,680,290</u>	<u>12,032,590</u>	<u>31,712,880</u>	<u>583,314</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>354,769</u>	<u>52,062</u>	<u>406,831</u>	<u>-</u>
Liabilities				
Accounts payable	81,738	196,491	278,229	165
Due to other governments	22	14,372	14,394	-
Due to component unit	-	135,000	135,000	-
Accrued interest payable	3,356	26,622	29,978	-
Accrued salaries payable	31,046	20,783	51,829	-
Compensated absences payable	37,494	10,353	47,847	-
Customer deposits payable	-	46,280	46,280	-
Unearned revenue	15,395	5,460	20,855	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	486,265	178,736	665,001	-
Due in more than one year				
Long-term liabilities	2,426,504	2,210,656	4,637,160	-
Net pension liability	865,749	425,175	1,290,924	-
Total Liabilities	<u>3,947,569</u>	<u>3,269,928</u>	<u>7,217,497</u>	<u>165</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>348,042</u>	<u>26,282</u>	<u>374,324</u>	<u>-</u>
Net Position				
Net investment in capital assets	11,678,652	5,819,999	17,498,651	189,913
Restricted				
Banners	2,500	-	2,500	-
Future loans	135,370	-	135,370	-
Debt service	1,248,447	-	1,248,447	-
Recreation complex	35,399	-	35,399	-
Medical foundation scholarships	413,789	-	413,789	-
Unrestricted	<u>2,225,291</u>	<u>2,968,443</u>	<u>5,193,734</u>	<u>393,236</u>
Total Net Position	<u>\$ 15,739,448</u>	<u>\$ 8,788,442</u>	<u>\$ 24,527,890</u>	<u>\$ 583,149</u>

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 631,323	\$ 162,466	\$ 4,678	\$ -
Public safety	743,290	57,262	190,946	8,433
Streets and highways	701,066	13,549	11,044	98,182
Culture and recreation	833,201	261,297	20,853	-
Housing and economic development	12,648	3,590	-	-
Health and welfare	220,239	1,418,776	1,005	4,175,400
Miscellaneous	393,627	50,805	-	62,619
Interest and other costs	88,961	-	-	-
Total Governmental Activities	<u>3,624,355</u>	<u>1,967,745</u>	<u>228,526</u>	<u>4,344,634</u>
Business-type Activities				
Water	406,478	485,382	510	-
Sewer	456,462	445,771	510	-
Electric	2,503,591	3,012,376	780	-
Storm sewer	16,126	95,401	-	-
Community ambulance	289,966	178,146	20,001	-
Rental housing	178,221	229,918	-	-
Total Business-type Activities	<u>3,850,844</u>	<u>4,446,994</u>	<u>21,801</u>	<u>-</u>
Total Primary Government	<u>\$ 7,475,199</u>	<u>\$ 6,414,739</u>	<u>\$ 250,327</u>	<u>\$ 4,344,634</u>
Component Unit	<u>\$ 412,251</u>	<u>\$ 7,497</u>	<u>\$ 398,796</u>	<u>\$ -</u>

General Revenues

Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increments
Lodging tax
Franchise taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Total
\$ (464,179)		\$ (464,179)	
(486,649)		(486,649)	
(578,291)		(578,291)	
(551,051)		(551,051)	
(9,058)		(9,058)	
5,374,942		5,374,942	
(280,203)		(280,203)	
(88,961)		(88,961)	
<u>2,916,550</u>		<u>2,916,550</u>	
-	\$ 79,414	79,414	
-	(10,181)	(10,181)	
-	509,565	509,565	
-	79,275	79,275	
-	(91,819)	(91,819)	
-	51,697	51,697	
<u>-</u>	<u>617,951</u>	<u>617,951</u>	
<u>2,916,550</u>	<u>617,951</u>	<u>3,534,501</u>	
			<u>\$ (5,958)</u>
887,956	-	887,956	-
329,650	-	329,650	-
24,895	-	24,895	-
620	-	620	-
37,055	-	37,055	-
937,932	-	937,932	-
24,594	21,886	46,480	1,143
6,688	-	6,688	-
35,000	(35,000)	-	-
<u>2,284,390</u>	<u>(13,114)</u>	<u>2,271,276</u>	<u>1,143</u>
5,200,940	604,837	5,805,777	(4,815)
<u>10,538,508</u>	<u>8,183,605</u>	<u>18,722,113</u>	<u>587,964</u>
<u>\$ 15,739,448</u>	<u>\$ 8,788,442</u>	<u>\$ 24,527,890</u>	<u>\$ 583,149</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Springfield, Minnesota

Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service	Recreation Complex	Medical Center	Other Governmental Funds	Total
Assets						
Cash and temporary investments	\$ 1,500,022	\$ 732,256	\$ (113,577)	\$ 1,187,257	\$ 589,590	\$ 3,895,548
Receivables						
Accrued interest	504	-	-	1,895	1,305	3,704
Delinquent taxes	15,971	-	-	-	-	15,971
Accounts	3,757	-	-	-	9,248	13,005
Notes, net of allowance	-	130,513	-	-	71,219	201,732
Special assessments	21,613	498,631	-	-	215,188	735,432
Intergovernmental	34,066	916	24,904	13	-	59,899
Due from other funds	25	-	24,895	-	-	24,920
Advance to other fund	-	20,000	-	-	92,804	112,804
Inventories	214	-	-	-	-	214
Prepaid items	81,777	-	10,717	6,935	4,505	103,934
Asset held for resale	-	-	-	19,800	-	19,800
Total Assets	\$ 1,657,949	\$ 1,382,316	\$ (53,061)	\$ 1,215,900	\$ 983,859	\$ 5,186,963
Liabilities						
Accounts payable	\$ 61,365	\$ -	\$ -	\$ 10,328	\$ 10,045	\$ 81,738
Advance from other funds	-	130,513	-	-	-	130,513
Due to other funds	32,198	-	158	-	1,005	33,361
Due to other governments	2	-	-	-	20	22
Accrued salaries payable	27,328	-	-	1,864	1,854	31,046
Compensated absences payable	35,667	-	-	114	1,713	37,494
Unearned revenue	2,805	-	-	-	12,590	15,395
Total Liabilities	159,365	130,513	158	12,306	27,227	329,569
Deferred Inflows of Resources						
Unavailable revenue						
Property taxes	15,971	-	-	-	-	15,971
Special assessments	21,613	498,631	-	-	215,188	735,432
Total Deferred Inflows of Resources	37,584	498,631	-	-	215,188	751,403
Fund Balances						
Nonspendable						
Prepaid items	81,777	-	10,717	6,935	4,505	103,934
Assets held for resale	-	-	-	19,800	-	19,800
Restricted						
Banners	2,500	-	-	-	-	2,500
Future loans	-	-	-	-	135,370	135,370
Debt service	-	753,172	-	-	-	753,172
Recreation complex	-	-	35,399	-	-	35,399
Medical foundation scholarships	-	-	-	413,789	-	413,789
Committed						
Capital projects	-	-	-	-	367,103	367,103
Assigned						
DARE program	11,115	-	-	-	-	11,115
Campground improvements	81,223	-	-	-	-	81,223
Library operations	-	-	-	-	22,140	22,140
Community Center operations	-	-	-	-	433,934	433,934
Medical Center operations	-	-	-	763,070	-	763,070
Unassigned	1,284,385	-	(99,335)	-	(221,608)	963,442
Total Fund Balances	1,461,000	753,172	(53,219)	1,203,594	741,444	4,105,991
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,657,949	\$ 1,382,316	\$ (53,061)	\$ 1,215,900	\$ 983,859	\$ 5,186,963

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2020

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of net position are different because	
Total fund balances - governmental funds	\$ 4,105,991
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	14,591,421
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bonds payable	(2,893,713)
Bonds premium, net of accumulated amortization	(19,056)
Net pension liability	(865,749)
Pension asset	65,780
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	15,971
Special assessments receivable	735,432
Intergovernmental receivable	-
Allowance for notes receivable	-
Governmental funds do not report long-term amounts related to pensions	
Deferred outflows of pension resources	354,769
Deferred inflows of pension resources	(348,042)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(3,356)</u>
Total Net Position - Governmental Activities	<u><u>\$ 15,739,448</u></u>

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	Recreation Complex	Medical Center	Other Governmental Funds	Total
Revenues						
Taxes	\$ 887,791	\$ 354,995	\$ -	\$ -	\$ 37,055	\$ 1,279,841
Special assessments	3,105	185,535	-	-	2,755	191,395
Licenses and permits	5,145	-	-	-	-	5,145
Intergovernmental	1,443,254	-	269	1,005	27,593	1,472,121
Charges for services	251,176	-	-	104,850	67,186	423,212
Fines and forfeits	2,671	-	-	-	448	3,119
Investment earnings	4,445	3,807	313	4,052	11,977	24,594
Miscellaneous	53,532	6,118	129,710	1,313,926	49,381	1,552,667
Total Revenues	<u>2,651,119</u>	<u>550,455</u>	<u>130,292</u>	<u>1,423,833</u>	<u>196,395</u>	<u>4,952,094</u>
Expenditures						
Current						
General government	585,834	-	-	-	-	585,834
Public safety	717,224	-	-	-	-	717,224
Streets and highways	337,407	-	-	-	-	337,407
Culture and recreation	372,012	-	92,186	-	205,480	669,678
Housing and economic development	-	17,648	-	-	-	17,648
Health and welfare	-	-	-	220,239	-	220,239
Miscellaneous	169,745	-	-	-	-	169,745
Capital outlay						
General government	-	-	-	-	25,914	25,914
Public safety	3,486	-	-	-	10,506	13,992
Streets and highways	-	-	-	-	74,022	74,022
Culture and recreation	52,416	-	313,498	-	41,111	407,025
Miscellaneous	240	-	-	-	-	240
Debt service						
Principal	-	481,387	-	-	-	481,387
Interest and other costs	645	93,438	-	-	-	94,083
Total Expenditures	<u>2,239,009</u>	<u>592,473</u>	<u>405,684</u>	<u>220,239</u>	<u>357,033</u>	<u>3,814,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>412,110</u>	<u>(42,018)</u>	<u>(275,392)</u>	<u>1,203,594</u>	<u>(160,638)</u>	<u>1,137,656</u>
Other Financing Sources (Uses)						
Transfers in	35,000	-	43,907	-	148,502	227,409
Transfers out	(173,992)	-	-	-	(18,417)	(192,409)
Total Other Financing Sources (Uses)	<u>(138,992)</u>	<u>-</u>	<u>43,907</u>	<u>-</u>	<u>130,085</u>	<u>35,000</u>
Net Change in Fund Balances	273,118	(42,018)	(231,485)	1,203,594	(30,553)	1,172,656
Fund Balances, January 1	<u>1,187,882</u>	<u>795,190</u>	<u>178,266</u>	<u>-</u>	<u>771,997</u>	<u>2,933,335</u>
Fund Balances, December 31	<u>\$ 1,461,000</u>	<u>\$ 753,172</u>	<u>\$ (53,219)</u>	<u>\$ 1,203,594</u>	<u>\$ 741,444</u>	<u>\$ 4,105,991</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
 Governmental Funds
 For the Year Ended December 31, 2020

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 1,172,656
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	519,009
Contributed assets from other entities	4,175,400
Depreciation expense	(889,582)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	
Sales and donations	6,688
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	481,387
Amortization of bond premiums	4,502
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	620
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	335
Special assessments	(96,384)
Intergovernmental	(206,165)
Long-term pension activity is not reported in governmental funds financial resources and, therefore, are not reported as expenditures in governmental funds.	
Negative pension expense	25,830
Direct aid contributions	6,644
Change in Net Position - Governmental Activities	<u><u>\$ 5,200,940</u></u>

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General and Recreation Complex Funds
For the Year Ended December 31, 2020

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 871,979	\$ 871,979	\$ 887,791	\$ 15,812
Special assessments	-	-	3,105	3,105
Licenses and permits	9,550	9,550	5,145	(4,405)
Intergovernmental	1,217,744	1,217,744	1,443,254	225,510
Charges for services	282,919	282,919	251,176	(31,743)
Fines and forfeits	5,500	5,500	2,671	(2,829)
Investment earnings	5,550	5,550	4,445	(1,105)
Miscellaneous	13,935	13,935	53,532	39,597
Total Revenues	<u>2,407,177</u>	<u>2,407,177</u>	<u>2,651,119</u>	<u>243,942</u>
Expenditures				
Current				
General government	566,050	566,050	585,834	(19,784)
Public safety	624,788	624,788	717,224	(92,436)
Streets and highways	333,427	333,427	337,407	(3,980)
Culture and recreation	450,390	450,390	372,012	78,378
Miscellaneous	305,768	305,768	169,745	136,023
Capital outlay				
Public safety	-	-	3,486	(3,486)
Culture and recreation	-	-	52,416	(52,416)
Miscellaneous	-	-	240	(240)
Debt service				
Interest and other costs	435	435	645	(210)
Total Expenditures	<u>2,280,858</u>	<u>2,280,858</u>	<u>2,239,009</u>	<u>41,849</u>
Excess (Deficiencies) of Revenues Over (Under) Expenditures	<u>126,319</u>	<u>126,319</u>	<u>412,110</u>	<u>285,791</u>
Other Financing Sources (Uses)				
Transfers in	37,460	37,460	35,000	(2,460)
Transfers out	(163,779)	(163,779)	(173,992)	(10,213)
Total Other Financing Sources (Uses)	<u>(126,319)</u>	<u>(126,319)</u>	<u>(138,992)</u>	<u>(12,673)</u>
Net Change in Fund Balances	-	-	273,118	273,118
Fund Balances, January 1	<u>1,187,882</u>	<u>1,187,882</u>	<u>1,187,882</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,187,882</u>	<u>\$ 1,187,882</u>	<u>\$ 1,461,000</u>	<u>\$ 273,118</u>

The notes to the financial statements are an integral part of this statement.

Recreation Complex

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	269	269
-	-	-	-
-	-	-	-
-	-	313	313
<u>33,779</u>	<u>33,779</u>	<u>129,710</u>	<u>95,931</u>
<u>33,779</u>	<u>33,779</u>	<u>130,292</u>	<u>96,513</u>
-	-	-	-
-	-	-	-
-	-	-	-
47,508	47,508	92,186	(44,678)
-	-	-	-
-	-	-	-
5,350	5,350	313,498	(308,148)
-	-	-	-
-	-	-	-
<u>52,858</u>	<u>52,858</u>	<u>405,684</u>	<u>(352,826)</u>
<u>(19,079)</u>	<u>(19,079)</u>	<u>(275,392)</u>	<u>(256,313)</u>
33,779	33,779	43,907	10,128
-	-	-	-
<u>33,779</u>	<u>33,779</u>	<u>43,907</u>	<u>10,128</u>
14,700	14,700	(231,485)	(246,185)
<u>178,266</u>	<u>178,266</u>	<u>178,266</u>	<u>-</u>
<u>\$ 192,966</u>	<u>\$ 192,966</u>	<u>\$ (53,219)</u>	<u>\$ (246,185)</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, 2020

	Business-type Activities - Enterprise Funds			
	Public Utilities Commission (PUC)			
	601 Water Utility	602 Sewer Utility	604 Electric Utility	Total PUC
Assets				
Current Assets				
Cash and temporary investments	\$ 501,191	\$ 433,241	\$ 1,582,501	\$ 2,516,933
Receivables				
Accrued interest	-	-	248	248
Accounts, net of allowance	3,762	3,921	25,562	33,245
Special assessments	8,230	9,431	-	17,661
Accrued billings	34,804	36,030	220,794	291,628
Intergovernmental	59	64	343	466
Due from other funds	533	-	16,197	16,730
Advance to other funds - current	87	-	10,120	10,207
Inventories	-	2,055	328,248	330,303
Prepaid items	6,732	7,658	14,366	28,756
Total Current Assets	555,398	492,400	2,198,379	3,246,177
Noncurrent Assets				
Advance to other funds - noncurrent	-	-	120,306	120,306
Special assessments	24,689	28,292	-	52,981
Capital assets				
Land	12,263	100,733	45,360	158,356
Construction in progress	37,383	35,557	5,080	78,020
Building and improvements	1,612,344	3,186,034	572,352	5,370,730
Infrastructure	3,376,162	1,795,930	4,097,536	9,269,628
Machinery and equipment	261,672	309,334	5,478,879	6,049,885
Total capital assets, at cost	5,299,824	5,427,588	10,199,207	20,926,619
Less accumulated depreciation	(3,574,893)	(2,899,282)	(8,145,735)	(14,619,910)
Total capital assets (net of accumulated depreciation)	1,724,931	2,528,306	2,053,472	6,306,709
Total Noncurrent Assets	1,749,620	2,556,598	2,173,778	6,479,996
Total Assets	2,305,018	3,048,998	4,372,157	9,726,173
Deferred Outflows of Resources				
Deferred pension resources	13,152	13,151	25,567	51,870
Liabilities				
Current Liabilities				
Accounts payable	411	3,508	170,504	174,423
Due to component unit	-	-	-	-
Due to other funds	3,814	4,201	16,484	24,499
Due to other governments	-	-	14,056	14,056
Accrued interest payable	3,562	1,928	-	5,490
Accrued salaries payable	4,992	4,992	9,404	19,388
Compensated absences payable	3,773	3,773	2,807	10,353
Customer deposits payable	-	-	26,300	26,300
Unearned revenue	-	-	-	-
Advance from other funds - current portion	5,000	5,000	10,000	20,000
Bonds payable - current portion	44,997	29,339	-	74,336
Total Current Liabilities	66,549	52,741	249,555	368,845
Noncurrent Liabilities				
Advance from other funds - noncurrent portion	29,795	25,559	5,080	60,434
Bonds payable - noncurrent portion	323,326	182,358	-	505,684
Net pension liability	107,409	107,399	208,795	423,603
Total Noncurrent Liabilities	460,530	315,316	213,875	989,721
Total Liabilities	527,079	368,057	463,430	1,358,566
Deferred Inflows of Resources				
Deferred pension resources	6,640	6,638	12,907	26,185
Net Position				
Net investment in capital assets	1,356,608	2,316,609	2,053,472	5,726,689
Unrestricted	427,843	370,845	1,867,915	2,666,603
Total Net Position	\$ 1,784,451	\$ 2,687,454	\$ 3,921,387	\$ 8,393,292

The notes to the financial statements are an integral part of this statement.

Business-type Activities -Enterprise Funds

610 Rental Housing	651 Storm Sewer Utility	Non-Major	Total
		608 Community Ambulance	
\$ 71,778	\$ 167,635	\$ 205,163	\$ 2,961,509
-	-	523	771
-	-	65,865	99,110
-	-	-	17,661
-	-	-	291,628
-	-	400	866
-	16,322	-	33,052
-	-	-	10,207
-	-	-	330,303
11,836	-	1,628	42,220
<u>83,614</u>	<u>183,957</u>	<u>273,579</u>	<u>3,787,327</u>
-	-	-	120,306
-	-	-	52,981
56,999	-	-	215,355
-	32,370	-	110,390
2,327,717	-	14,736	7,713,183
-	213,225	-	9,482,853
-	-	293,089	6,342,974
2,384,716	245,595	307,825	23,864,755
(826,517)	(4,247)	(204,690)	(15,655,364)
<u>1,558,199</u>	<u>241,348</u>	<u>103,135</u>	<u>8,209,391</u>
<u>1,558,199</u>	<u>241,348</u>	<u>103,135</u>	<u>8,382,678</u>
<u>1,641,813</u>	<u>425,305</u>	<u>376,714</u>	<u>12,170,005</u>
-	-	192	52,062
2,079	234	19,755	196,491
135,000	-	-	135,000
-	-	112	24,611
-	-	316	14,372
17,955	3,177	-	26,622
14	-	1,381	20,783
-	-	-	10,353
19,980	-	-	46,280
4,920	-	540	5,460
-	-	-	20,000
90,000	14,400	-	178,736
<u>269,948</u>	<u>17,811</u>	<u>22,104</u>	<u>678,708</u>
-	32,370	-	92,804
1,490,000	214,972	-	2,210,656
-	-	1,572	425,175
<u>1,490,000</u>	<u>247,342</u>	<u>1,572</u>	<u>2,728,635</u>
<u>1,759,948</u>	<u>265,153</u>	<u>23,676</u>	<u>3,407,343</u>
-	-	97	26,282
(21,801)	11,976	103,135	5,819,999
(96,334)	148,176	249,998	2,968,443
<u>\$ (118,135)</u>	<u>\$ 160,152</u>	<u>\$ 353,133</u>	<u>\$ 8,788,442</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 Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Public Utilities Commission (PUC)			
	601 Water Utility	602 Sewer Utility	604 Electric Utility	Total PUC
Operating Revenues				
Sales				
Metered sales	\$ 457,031	\$ -	\$ 2,716,300	\$ 3,173,331
Conservation improvement program sales	-	-	32,532	32,532
Service charges	-	445,095	-	445,095
Interdepartmental sales	4,601	-	87,169	91,770
Sales to city	21,394	-	126,060	147,454
Other revenue	287	-	19,323	19,610
Total sales	<u>483,313</u>	<u>445,095</u>	<u>2,981,384</u>	<u>3,909,792</u>
Charges for services	-	-	-	-
Rent	-	-	-	-
Penalties	-	-	23,846	23,846
Total Operating Revenues	<u>483,313</u>	<u>445,095</u>	<u>3,005,230</u>	<u>3,933,638</u>
Operating Expenses				
Power production and pumping	34,698	-	279,688	314,386
Purification	18,738	-	-	18,738
Purchases and generation	-	-	1,642,869	1,642,869
Transmission and distribution	196,974	-	90,086	287,060
Sewage collection and disposal	-	262,871	-	262,871
Administration and general	94,196	79,372	265,967	439,535
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Insurance	-	-	-	-
Utilities	-	-	-	-
Depreciation	51,597	108,432	224,361	384,390
Total Operating Expenses	<u>396,203</u>	<u>450,675</u>	<u>2,502,971</u>	<u>3,349,849</u>
Operating Income (Loss)	<u>87,110</u>	<u>(5,580)</u>	<u>502,259</u>	<u>583,789</u>
Nonoperating Revenues (Expenses)				
Investment income	2,070	1,827	14,605	18,502
Intergovernmental	223	223	222	668
Miscellaneous income	2,356	963	7,704	11,023
Contributions and donations	-	-	-	-
Interest expense	(10,892)	(6,205)	(620)	(17,717)
Amortization of bond premiums	617	418	-	1,035
Total Nonoperating Revenues (Expenses)	<u>(5,626)</u>	<u>(2,774)</u>	<u>21,911</u>	<u>13,511</u>
Income (Loss) Before Transfers	81,484	(8,354)	524,170	597,300
Transfers In	-	-	55,000	55,000
Transfers Out	<u>(41,667)</u>	<u>(36,667)</u>	<u>(11,666)</u>	<u>(90,000)</u>
Change in Net Position	39,817	(45,021)	567,504	562,300
Net Position, January 1	<u>1,744,634</u>	<u>2,732,475</u>	<u>3,353,883</u>	<u>7,830,992</u>
Net Position, December 31	<u>\$ 1,784,451</u>	<u>\$ 2,687,454</u>	<u>\$ 3,921,387</u>	<u>\$ 8,393,292</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

610 Rental Housing	651 Storm Sewer Utility	Non-Major	Total
		608 Community Ambulance	
\$ -	\$ -	\$ -	\$ 3,173,331
-	-	-	32,532
-	-	-	445,095
-	-	-	91,770
-	-	-	147,454
-	95,401	4	115,015
-	95,401	4	4,005,197
-	-	177,983	177,983
226,675	-	-	226,675
-	-	-	23,846
<u>226,675</u>	<u>95,401</u>	<u>177,987</u>	<u>4,433,701</u>
-	-	-	314,386
-	-	-	18,738
-	-	-	1,642,869
-	-	-	287,060
-	-	-	262,871
-	-	-	439,535
14	-	81,705	81,719
1,424	-	32,850	34,274
46,657	4,912	142,891	194,460
18,690	-	1,275	19,965
2,727	-	2,730	5,457
58,569	4,247	28,515	475,721
<u>128,081</u>	<u>9,159</u>	<u>289,966</u>	<u>3,777,055</u>
<u>98,594</u>	<u>86,242</u>	<u>(111,979)</u>	<u>656,646</u>
292	658	2,434	21,886
-	-	14,617	15,285
3,243	-	163	14,429
-	-	5,380	5,380
(50,140)	(7,165)	-	(75,022)
-	198	-	1,233
<u>(46,605)</u>	<u>(6,309)</u>	<u>22,594</u>	<u>(16,809)</u>
51,989	79,933	(89,385)	639,837
-	-	-	55,000
-	-	-	(90,000)
51,989	79,933	(89,385)	604,837
<u>(170,124)</u>	<u>80,219</u>	<u>442,518</u>	<u>8,183,605</u>
<u>\$ (118,135)</u>	<u>\$ 160,152</u>	<u>\$ 353,133</u>	<u>\$ 8,788,442</u>

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
Statement of Cash Flows (Continued on the Following Pages)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Public Utilities Commission (PUC)			
	601 Water Utility	602 Sewer Utility	604 Electric Utility	Total PUC
Cash Flows from Operating Activities				
Receipts from customers	\$ 483,187	\$ 436,397	\$ 3,071,901	\$ 3,991,485
Payments to suppliers and vendors	(177,794)	(172,491)	(1,982,291)	(2,332,576)
Payments to and on behalf of employees	(181,018)	(181,821)	(362,977)	(725,816)
Other receipts	-	2,497	7,361	9,858
Net Cash Provided (Used) by Operating Activities	<u>124,375</u>	<u>84,582</u>	<u>733,994</u>	<u>942,951</u>
Cash Flows from Noncapital Financing Activities				
(Increase) decrease in due from other funds	126	60	2,720	2,906
Increase (decrease) in due to other funds	25,409	20,121	1,605	47,135
Increase (decrease) in due to component unit	-	-	-	-
Transfers from other funds	-	-	55,000	55,000
Transfers to other funds	(41,667)	(36,667)	(11,666)	(90,000)
Intergovernmental operating grants received	223	223	222	668
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(15,909)</u>	<u>(16,263)</u>	<u>47,881</u>	<u>15,709</u>
Cash Flows from Capital and Related Financing Activities				
Special assessment receipts	8,230	9,430	-	17,660
Acquisition of capital assets	(36,257)	(45,391)	(169,204)	(250,852)
Principal paid on bonds	(47,750)	(31,464)	-	(79,214)
Interest paid on bonds	(11,131)	(6,337)	(620)	(18,088)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(86,908)</u>	<u>(73,762)</u>	<u>(169,824)</u>	<u>(330,494)</u>
Cash Flows from Investing Activities				
Decrease in advance to other funds	-	-	10,120	10,120
Interest received on investments	2,071	1,827	15,567	19,465
Net Cash Provided (Used) by Investing Activities	<u>2,071</u>	<u>1,827</u>	<u>25,687</u>	<u>29,585</u>
Net Increase (Decrease) Cash and Temporary Investments	23,629	(3,616)	637,738	657,751
Cash and Temporary Investments, January 1	<u>477,562</u>	<u>436,857</u>	<u>944,763</u>	<u>1,859,182</u>
Cash and Temporary Investments, December 31	<u>\$ 501,191</u>	<u>\$ 433,241</u>	<u>\$ 1,582,501</u>	<u>\$ 2,516,933</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

		Non-Major		
610	651	608		
Rental Housing	Storm Sewer Utility	Community Ambulance	Total	
\$ 227,785	\$ 95,401	\$ 185,851	\$ 4,500,522	
(72,201)	(4,678)	(163,170)	(2,572,625)	
-	-	(79,969)	(805,785)	
3,243	-	20,160	33,261	
<u>158,827</u>	<u>90,723</u>	<u>(37,128)</u>	<u>1,155,373</u>	
-	(6,505)	-	(3,599)	
-	32,370	(229)	79,276	
135,000	-	-	135,000	
-	-	-	55,000	
-	-	-	(90,000)	
-	-	-	668	
<u>135,000</u>	<u>25,865</u>	<u>(229)</u>	<u>176,345</u>	
-	-	-	17,660	
(135,435)	(32,370)	-	(418,657)	
(95,000)	(14,400)	-	(188,614)	
(52,513)	(7,363)	-	(77,964)	
<u>(282,948)</u>	<u>(54,133)</u>	<u>-</u>	<u>(667,575)</u>	
-	-	-	10,120	
292	658	2,331	22,746	
<u>292</u>	<u>658</u>	<u>2,331</u>	<u>32,866</u>	
11,171	63,113	(35,026)	697,009	
<u>60,607</u>	<u>104,522</u>	<u>240,189</u>	<u>2,264,500</u>	
<u>\$ 71,778</u>	<u>\$ 167,635</u>	<u>\$ 205,163</u>	<u>\$ 2,961,509</u>	

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Public Utilities Commission (PUC)			
	601 Water Utility	602 Sewer Utility	604 Electric Utility	Total PUC
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 87,110	\$ (5,580)	\$ 502,259	\$ 583,789
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities				
Other income (expenses) related to operations	3,895	2,497	7,361	13,753
Depreciation	51,597	108,432	224,361	384,390
(Increase) decrease in assets				
Accounts receivable	360	(261)	56,138	56,237
Accrued billings	(4,094)	(8,150)	9,426	(2,818)
Intergovernmental	-	-	465	465
Inventories	-	(65)	(49,958)	(50,023)
Prepaid items	993	938	1,540	3,471
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	(4,254)	(4,253)	(8,550)	(17,057)
Increase (decrease) in liabilities				
Accounts payable	(1,573)	695	5,956	5,078
Due to other governments	-	-	1,172	1,172
Accrued wages payable	1,441	1,441	2,333	5,215
Compensated absences payable	751	751	(654)	848
Net pension liability	5,535	5,525	13,982	25,042
Customer deposits payable	-	-	1,200	1,200
Unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(17,386)	(17,388)	(33,037)	(67,811)
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 124,375</u>	 <u>\$ 84,582</u>	 <u>\$ 733,994</u>	 <u>\$ 942,951</u>
Schedule of Noncash Investing, Capital and Financing Activities				
Amortization of bond (premium) discount	<u>\$ (616)</u>	<u>\$ (418)</u>	<u>\$ -</u>	<u>\$ (1,034)</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

610	651	<u>Non-Major</u> 608	
Rental Housing	Storm Sewer Utility	Community Ambulance	Total
\$ 98,594	\$ 86,242	\$ (111,979)	\$ 656,646
3,243	-	20,160	37,156
58,569	4,247	28,515	475,721
-	-	6,193	62,430
-	-	-	(2,818)
-	-	1,135	1,600
-	-	-	(50,023)
(1,601)	-	(143)	1,727
-	-	(192)	(17,249)
(1,102)	234	16,712	20,922
-	-	7	1,179
14	-	255	5,484
-	-	-	848
-	-	1,572	26,614
985	-	-	2,185
125	-	540	665
-	-	97	(67,714)
<u>\$ 158,827</u>	<u>\$ 90,723</u>	<u>\$ (37,128)</u>	<u>\$ 1,155,373</u>
<u>\$ -</u>	<u>\$ (198)</u>	<u>\$ -</u>	<u>\$ (1,232)</u>

The notes to the financial statements are an integral part of this statement.

City of Springfield, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Private-Purpose Trust Funds			Custodial Fund	Total
	801 Altermatt Trust	804 Roiger Trust	803 Rothenburg Trust	871 State	
Assets					
Cash and temporary investments	\$ 549,179	\$ 222,708	\$ 106,155	\$ 6,394	\$ 884,436
Receivables					
Accrued interest	2,105	-	504	-	2,609
Total Assets	<u>551,284</u>	<u>222,708</u>	<u>106,659</u>	<u>6,394</u>	<u>887,045</u>
Liabilities					
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,394</u>	<u>6,394</u>
Net Position					
Restricted					
Individuals and Other Governments	<u>\$ 551,284</u>	<u>\$ 222,708</u>	<u>\$ 106,659</u>	<u>\$ -</u>	<u>\$ 880,651</u>

City of Springfield, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Private-Purpose Trust Funds			Custodial Fund	Total
	801 Altermatt Trust	804 Roiger Trust	803 Rothenburg Trust	871 State	
Additions					
Fees collected on behalf of the state	\$ -	\$ -	\$ -	\$ 1,149,390	\$ 1,149,390
Investment earnings	12,245	1,047	1,692	-	14,984
Total Additions	<u>12,245</u>	<u>1,047</u>	<u>1,692</u>	<u>1,149,390</u>	<u>1,164,374</u>
Deductions					
Payments to primary government	23,000	-	-	-	23,000
Payments for contracted services	-	381	-	-	381
Payments to state	-	-	-	1,149,390	1,149,390
Total Deductions	<u>23,000</u>	<u>381</u>	<u>-</u>	<u>1,149,390</u>	<u>1,172,771</u>
Net Increase (Decrease) in Fiduciary Net Position	(10,755)	666	1,692	-	(8,397)
Net Position, January 1	<u>562,039</u>	<u>222,042</u>	<u>104,967</u>	<u>-</u>	<u>889,048</u>
Net Position, December 31	<u><u>\$ 551,284</u></u>	<u><u>\$ 222,708</u></u>	<u><u>\$ 106,659</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 880,651</u></u>

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Springfield, Minnesota (the City) operates under a Home Rule Charter. The City is governed by an elected Mayor and a 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 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. As required by accounting principles generally accepted in the United State of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. The City has one blended and one discretely presented component unit, each of which has a December 31 year end.

Discretely presented component unit. The Economic Development Authority (EDA) was created pursuant to Minnesota statutes, 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City's jurisdiction. The seven members of the EDA's governing board, including two Council members, are appointed and approved by the Council. The City's resources are not used to pay the EDA's debt. There is no separate report issued for this component unit.

Other agencies. The Springfield Public Utilities Commission (PUC) was established and statutory authority is provided in accordance with chapter 412.321 of the Minnesota statutes. The Commission consists of five members who serve overlapping three year terms. These members are appointed by the Charter Commission and approved by the Council. The Minnesota statutes provide the Council all the discretionary authority necessary to operate the PUC except as its powers have been delegated to the Commission. The PUC funds are included with the enterprise funds of this report.

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 of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned 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 unearned revenue.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Recreation Complex fund* accounts for costs and revenues associated with operating the recreation complex.

The *Medical Center fund* accounts for costs and revenues associated with operating the medical center.

The City reports the following major proprietary funds:

The *Water Utility fund* accounts for costs associated with the City's water system and to ensure that user charges are sufficient to pay for those costs.

The *Sewer Utility fund* accounts for the costs associated with the City's sewer system and to ensure that user charges are sufficient to pay for those costs.

The *Electric Utility fund* accounts for the costs associated with the City's electric power and to ensure that user charges are sufficient to pay for those costs.

The *Rental Housing fund* accounts for the costs associated with the City's rental housing and to ensure that rents are sufficient to pay for those costs.

The *Storm Sewer Utility fund* accounts for the operation, maintenance, and capital improvements of the City's storm water system.

Additionally, the City reports the following fund types:

Fiduciary Funds

The Private-Purpose Trust funds account for money held by the City in the capacity of trustees for others. The funds are used for various capital improvement activities for the City.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's State custodial fund accounts for activities of the State of Minnesota's motor vehicle, licensing and DNR services.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer and electric 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.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

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. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, 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.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for 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 a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

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 2020. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts in the Community Ambulance enterprise fund and Electric fund as of December 31, 2020 were \$20,000 and \$5,000, respectively.

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 or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. New and reusable line supplies and meters are stated at current prices for such items. Meters are considered in inventory whether or not placed in service. All inventories of meters are being amortized over the estimated useful life of such meters. The cost of repairing such items is charged to the appropriate expense account as determined by previous use. Fuel oil is stated at weighted average cost.

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.

Assets Held for Resale

Assets have been received by the City for subsequent resale upon the medical center buyout agreement. Assets held for resale are reported as an asset and fair value in the fund that received them.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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. Capital assets, other than infrastructure assets, are defined as assets with an estimated life in excess of two years. 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.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital 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 acquisition value of the item at the date of its donation.

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land and Land Improvements	\$	10,000
Other Improvements		10,000
Buildings and Building Improvements		10,000
Machinery and Equipment		2,000
Vehicles		5,000
Infrastructure		50,000
Other Assets		5,000

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land Improvements	15 - 20
Other Improvements	15 - 20
Buildings and Building Improvements	7 - 40
Machinery and Equipment	5 - 15
Vehicles	5 - 15
Infrastructure	15 - 50
Other Assets	5 - 20

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP, PEPFP and Springfield Fire Relief Association is as follows:

	GERP	PEPFP	FRA	Total Pension Expense
Pension Expense	\$ 29,919	\$ 36,911	\$ 19,573	\$ 86,403

Compensated Absences

It is the City'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 City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in the General fund and the Community Center fund as a result of the policy not allowing to carryover balances for more than one year. The total amount of compensated absences accrued as of December 31, 2020 was \$47,847. The General fund is typically used to liquidate governmental compensated absences payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager and City Clerk.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund but the policy does not specify a minimum unassigned fund balance amount.

Net Position

Net position represents the difference between assets and liabilities. 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 do not meet the definition of "restricted" or "net investment in capital assets."

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

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 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 and the following special revenue funds: Library Board, Recreation Complex, EDA and Community Center funds. A budget for the Small Cities Grant, Small Cities Grant II and 2016 Small Cities Grant funds are not prepared because the City is not legally required to do so. 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 submits requests for appropriations to the Clerk 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 Council heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over (Under) Appropriations
Major Recreation Complex	\$ 52,858	\$ 405,684	\$ 352,826

The above fund's actual expenditures in excess of budget were offset by an excess of actual revenues and available fund balance.

C. Deficit Fund Equity

The following funds had a fund equity deficit at December 31, 2020:

Fund	Amount
Special Revenue Recreation Complex	\$ 53,219
Capital Project Central Street Project	221,608
Enterprise Rental Housing	118,135

The above deficits will be eliminated through future FEMA reimbursements, pledges and donations, future bond proceeds and rental revenue.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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 and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At year end, the City's carrying amount of deposits was \$7,855,031 and the bank balance was \$8,013,534. Of the bank balance, \$1,076,999 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Cash on Hand

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

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Cash and Investments Summary

A reconciliation of cash and investments as shown on the statement of net position for the City, including the component unit, follows:

	Primary Government	Component Unit Economic Development Authority	Fiduciary Funds	Total Reporting Entity
Deposits	\$ 6,856,507	\$ 114,088	\$ 884,436	\$ 7,855,031
Petty Cash	550	-	-	550
	<u>6,857,057</u>	<u>114,088</u>	<u>884,436</u>	<u>7,855,581</u>
Total Cash and Temporary Investments	<u>\$ 6,857,057</u>	<u>\$ 114,088</u>	<u>\$ 884,436</u>	<u>\$ 7,855,581</u>

B. 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 percent to 7.0 percent per annum on all unpaid balances. The balance on these loans at December 31, 2020 is \$144,124 net of allowance of \$437,039. 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, 2020 is \$408,780. 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 \$337,561. Of the balance, \$71,219 is not considered forgivable and is expected to be repaid to the City at various monthly payments with interest at 2.0 percent to 4.0 percent.

The City has entered an agreement with J.P. Hospitality LLC for construction of a new hotel. This agreement included a note from the City to the PUC which will be paid back to the PUC with bi-annual payments of \$8,176 which includes interest of 4.5 percent. The balance of this note at December 31, 2020 is \$130,513. This note is secured by tax increment revenues and contributions from J.P. Hospitality LLC for any increment shortfalls.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the City for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 736,429	\$ -	\$ -	\$ 736,429
Construction in progress	468,312	472,844	(650,965)	290,191
Total Capital Assets not Being Depreciated	<u>1,204,741</u>	<u>472,844</u>	<u>(650,965)</u>	<u>1,026,620</u>
Capital Assets Being Depreciated				
Buildings and improvements	6,318,725	4,681,853	-	11,000,578
Infrastructure and other improvements	12,434,449	15,862	-	12,450,311
Machinery and equipment	3,813,985	183,815	(7,400)	3,990,400
Total Capital Assets Being Depreciated	<u>22,567,159</u>	<u>4,881,530</u>	<u>(7,400)</u>	<u>27,441,289</u>
Less Accumulated Depreciation for				
Buildings and improvements	(3,561,591)	(308,888)	-	(3,870,479)
Infrastructure and other improvements	(7,227,969)	(360,200)	-	(7,588,169)
Machinery and equipment	(2,202,434)	(220,494)	5,088	(2,417,840)
Total Accumulated Depreciation	<u>(12,991,994)</u>	<u>(889,582)</u>	<u>5,088</u>	<u>(13,876,488)</u>
Total Capital Assets Being Depreciated, Net	<u>9,575,165</u>	<u>3,991,948</u>	<u>(2,312)</u>	<u>13,564,801</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,779,906</u>	<u>\$ 4,464,792</u>	<u>\$ (653,277)</u>	<u>\$ 14,591,421</u>

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 215,355	\$ -	\$ -	\$ 215,355
Construction in progress	30,268	95,213	(15,091)	110,390
Total Capital Assets not Being Depreciated	<u>245,623</u>	<u>95,213</u>	<u>(15,091)</u>	<u>325,745</u>
Capital Assets Being Depreciated				
Buildings and improvements	7,561,886	151,297	-	7,713,183
Infrastructure and other improvements	9,353,750	159,104	-	9,512,854
Machinery and equipment	<u>6,284,839</u>	<u>28,134</u>	<u>-</u>	<u>6,312,973</u>
Total Capital Assets Being Depreciated	<u>23,200,475</u>	<u>338,535</u>	<u>-</u>	<u>23,539,010</u>
Less Accumulated Depreciation for				
Buildings and improvements	(4,680,709)	(134,689)	-	(4,815,398)
Infrastructure and other improvements	(4,804,616)	(223,499)	-	(5,028,115)
Machinery and equipment	<u>(5,694,318)</u>	<u>(117,533)</u>	<u>-</u>	<u>(5,811,851)</u>
Total Accumulated Depreciation	<u>(15,179,643)</u>	<u>(475,721)</u>	<u>-</u>	<u>(15,655,364)</u>
Total Capital Assets Being Depreciated, Net	<u>8,020,832</u>	<u>(137,186)</u>	<u>-</u>	<u>7,883,646</u>
Business-type Activities Capital Assets, Net	<u>\$ 8,266,455</u>	<u>\$ (41,973)</u>	<u>\$ (15,091)</u>	<u>\$ 8,209,391</u>

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

Governmental Activities	
General government	\$ 28,179
Public safety	94,487
Streets and highways	362,608
Culture and recreation	157,487
Miscellaneous	<u>246,821</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 889,582</u>
Business-type Activities	
Water	\$ 51,597
Sewer	108,432
Electric	224,361
Storm sewer	4,247
Community ambulance	28,515
Rental housing	<u>58,569</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 475,721</u>

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit

Capital asset activity for the EDA for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 189,913	\$ -	\$ -	\$ 189,913

Construction Commitments

The City has an active construction project as of December 31, 2020. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Central Street Project	\$ -	\$ 4,621,920

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2020 is as follows:

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Water Utility	Debt Service	\$ 87
Electric Utility	Debt Service	130,426
Debt Service	Water	5,000
	Sewer	5,000
	Electric	10,000
Nonmajor Governmental	Water	29,795
	Sewer	25,559
	Electric	5,080
	Storm Sewer	32,370
Total		<u>\$ 243,317</u>

The Electric fund advanced \$233,619 to TIF District 1-4 in order to increase interest earnings for the Electric fund and for the TIF fund to loan to a local business. This loan has an initial interest rate of 2.80 percent per year and will be repaid with semi-annual installments of \$7,445. The balance on this advance as of December 31, 2020 is \$130,426.

The Water, Sewer and Electric funds agreed to pay a portion of the debt service for the 2012A Tax Abatement bonds. The remaining portion of the advance is \$5,000 in the Water and Sewer funds and \$10,000 in the Electric fund. Additional advances were made for capital improvements paid by the City until future bonds are issued.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Electric Utility	\$ 25
Recreation Complex	General	24,895
Water Utility	Sewer Utility	238
	Electric Utility	295
Electric Utility	General	7,303
	Water Utility	3,814
	Sewer Utility	3,963
	Nonmajor governmental funds	1,005
	Nonmajor proprietary funds	112
Storm Sewer Utility	Electric Utility	16,322
		<u>57,972</u>
Total		<u>\$ 57,972</u>

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

Interfund transfers

The City made transfers during the year as shown and described below:

	Transfer In				Total
	General Fund	Recreation Center	Nonmajor Governmental Funds	Electric Utility Fund	
Transfer Out					
General fund	\$ -	\$ 43,907	\$ 130,085	\$ -	\$ 173,992
Nonmajor governmental funds	-	-	18,417	-	18,417
Water Utility fund	11,667	-	-	30,000	41,667
Sewer Utility fund	11,667	-	-	25,000	36,667
Electric Utility fund	11,666	-	-	-	11,666
Total Transfers Out	<u>\$ 35,000</u>	<u>\$ 43,907</u>	<u>\$ 148,502</u>	<u>\$ 55,000</u>	<u>\$ 282,409</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Interfund transfers were made for the following purposes:

- From the General fund to the Recreation Complex fund for operations (\$33,907) and future capital needs (\$10,000).
- From the General fund to the nonmajor governmental Community Center fund for operations (\$5,085).
- From the General fund to the nonmajor governmental Park Improvement Projects fund for future capital needs (\$5,000).
- From the Water Utility fund (\$11,667), the Sewer Utility fund (\$11,666) and the Electric Utility fund (\$11,667) to the General fund for payment in lieu of taxes.

In the year ended December 31, 2020, the City made the following one-time transfers:

- From the Small Cities Grant I fund to the Small Cities Grant II fund to close fund 240 (\$18,417).
- From the General fund to the nonmajor governmental Capital Improvement Projects fund to be used for future capital needs (\$120,000).
- From the Water fund to the Electric fund to repay a 2001 transfer that was written off (\$30,000).
- From the Sewer fund to the Electric fund to repay a 2001 transfer that was written off (\$25,000).

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2010A	\$ 1,295,000	2.00 - 3.50 %	09/16/10	12/01/26	\$ 580,000
G.O. Improvement Crossover Refunding Bonds of 2013A	934,875	1.65	06/01/13	12/01/21	159,875
G.O. Improvement Bonds of 2015A	1,583,652	1.20 - 3.00	06/15/15	12/15/28	1,062,888
G.O. Improvement Bonds of 2018A	1,343,650	3.00 - 3.25	06/19/18	12/15/33	<u>985,950</u>
Total G.O. Special Assessment Bonds					<u><u>\$ 2,788,713</u></u>

The annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31	G.O. Special Assessment Bonds Governmental Activities		
	Principal	Interest	Total
2021	\$ 436,262	\$ 78,176	\$ 514,438
2022	283,785	68,484	352,269
2023	288,785	61,251	350,036
2024	301,184	53,422	354,606
2025	308,582	44,981	353,563
2026 - 2030	907,203	105,975	1,013,178
2031 - 2033	<u>262,912</u>	<u>17,188</u>	<u>280,100</u>
Total	<u><u>\$ 2,788,713</u></u>	<u><u>\$ 429,477</u></u>	<u><u>\$ 3,218,190</u></u>

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

G.O. Tax Abatement Bonds

The following bonds were issued to finance the flood protection levee. They will be retired from tax abatement revenues and tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement Bonds of 2012A	\$ 485,000	0.75 - 2.30 %	05/15/12	12/01/22	<u>\$ 105,000</u>

The expected annual debt service requirements to maturity for general obligation tax abatement bonds are as follows:

Year Ending December 31	G.O. Tax Abatement Bonds Governmental Activities		
	Principal	Interest	Total
2021	\$ 50,000	\$ 2,415	\$ 52,415
2022	55,000	1,265	56,265
Total	<u>\$ 105,000</u>	<u>\$ 3,680</u>	<u>\$ 108,680</u>

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Crossover Refunding Bonds of 2013A - Water	\$ 107,325	1.65 %	06/01/13	12/01/21	\$ 17,006
G.O. Improvement Crossover Refunding Bonds of 2013A - Sewer	82,800	1.65	06/01/13	12/01/21	13,120
G.O. Improvement Bonds of 2015A - Water	166,201	1.20 - 3.00	06/15/15	12/15/28	111,546
G.O. Improvement Bonds of 2015A - Sewer	105,147	1.20 - 3.00	06/15/15	12/15/28	70,566
G.O. Improvement Bonds of 2018A - Water	261,750	3.00 - 3.25	06/19/18	12/15/33	236,250
G.O. Improvement Bonds of 2018A - Sewer	139,600	3.00 - 3.25	06/19/18	12/15/33	126,000
G.O. Improvement Bonds of 2018A - Storm Sewer	139,600	3.00 - 3.25	06/19/18	12/15/33	<u>226,799</u>
Total G.O. Revenue Bonds					<u>\$ 801,287</u>

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water Utility	Sewer Utility	Rental Housing	Storm Sewer Utility
Revenues	\$ 483,313	\$ 445,095	\$ 226,675	\$ 95,401
Principal and Interest	58,881	37,801	147,513	21,763
Percentage of Revenues	12.2%	8.5%	65.1%	22.8%

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2021	\$ 88,739	\$ 23,055	\$ 111,794
2022	61,215	21,012	82,227
2023	61,215	19,395	80,610
2024	63,817	17,734	81,551
2025	66,418	15,956	82,374
2026 - 2030	302,798	50,714	353,512
2031 - 2033	157,085	10,269	167,354
Total	<u>\$ 801,287</u>	<u>\$ 158,135</u>	<u>\$ 959,422</u>

Revenue Bonds

The following bonds were issued to finance capital improvements in the EDA. The revenue bonds will be retired from net revenues of the Rental Housing Project fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
EDA Revenue Bond of 2017A	\$ 1,360,000	3.15 %	02/28/17	07/01/34	\$ 1,140,000
EDA Revenue Bond of 2019A	465,000	2.20 - 3.05	11/19/19	07/01/39	440,000
Total Revenue Bonds					<u>\$ 1,580,000</u>

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31	Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2021	90,000	47,758	\$ 137,758
2022	95,000	45,113	140,113
2023	95,000	42,310	137,310
2024	100,000	39,508	139,508
2025	100,000	36,548	136,548
2026 - 2030	550,000	135,850	685,850
2031 - 2035	410,000	46,288	456,288
2036 - 2039	140,000	12,963	152,963
Total	\$ 1,580,000	\$ 406,338	\$ 1,986,338

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation special assessment bonds	\$ 3,220,100	\$ -	\$ (431,387)	\$ 2,788,713	\$ 436,262
General obligation tax abatement bonds	155,000	-	(50,000)	105,000	50,000
Bond premium	23,558	-	(4,502)	19,056	-
Governmental Activity Long-term Liabilities	\$ 3,398,658	\$ -	\$ (485,889)	\$ 2,912,769	\$ 486,262
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 894,901	\$ -	\$ (93,614)	\$ 801,287	\$ 88,739
Revenue bonds	1,675,000	-	(95,000)	1,580,000	90,000
Bond premium	9,337	-	(1,232)	8,105	-
Business-type Activity Long-term Liabilities	\$ 2,579,238	\$ -	\$ (189,846)	\$ 2,389,392	\$ 178,736

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

<u>Issued to</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Balance at Year End</u>
St. John Lutheran Home	09/12/06	\$ 4,300,000	\$ 1,588,474
St. John Lutheran Home	03/31/00	<u>2,184,364</u>	<u>-</u>
Total Bonds		<u>\$ 6,484,364</u>	<u>\$ 1,588,474</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2020, 2019 and 2018 were \$79,873, \$77,428 and \$77,671, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$55,394, \$51,484 and \$46,909, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$911,309 for its proportionate share of the General Employees Fund's net pension liability. The City'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 totaled \$27,978. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0152 percent which was a 0.0009 percent increase from its proportion measured as of June 30, 2019.

City's Proportionate Share of the Net Pension Liability	\$ 911,309
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>27,978</u>
 Total	 <u><u>\$ 939,287</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$27,484 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$2,435 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 9,955	\$ 3,693
Changes in Actuarial Assumptions	1,039	33,865
Net Difference Between Projected and Actual Earnings on Plan Investments	15,246	-
Changes in Proportion	41,877	18,778
Contributions Paid to PERA Subsequent to the Measurement Date	<u>43,471</u>	<u>-</u>
 Total	 <u><u>\$ 111,588</u></u>	 <u><u>\$ 56,336</u></u>

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The \$43,471 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$	(46,504)
2022		5,061
2023		31,205
2024		22,019

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$379,615 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0288 percent which was a 0.0028 percent increase from its proportionate share measured as of June 30, 2019.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$31,566 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$5,345 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 20,627	\$ 20,160
Changes in Actuarial Assumptions	141,254	240,056
Net Difference Between Projected and Actual Earnings on Plan Investments	15,760	-
Changes in Proportion	58,035	20,565
Contributions Paid to PERA Subsequent to the Measurement Date	30,300	-
Total	\$ 265,976	\$ 280,781

The \$30,300 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (11,609)
2022	(88,722)
2023	26,335
2024	20,709
2025	8,182

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes 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.

Changes 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.

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's 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's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 1,460,513	\$ 911,309	\$ 458,261
Police and Fire Fund	756,627	379,615	67,703

H. 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.

Note 5: Defined Benefit Pension Plan - Fire Relief Association

A. Plan Description

All members of the Springfield Fire Department (the Department) are covered by a defined benefit plan administered by the Springfield Firefighters' Relief Association (the Association). As of December 31, 2019, the plan covered 27 active firefighters and 1 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$29,267 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2020, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2020, the City reported a net pension liability (asset) of (\$65,780) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2019	\$ 473,616	\$ 466,932	\$ 6,684
Changes for the Year			
Service cost	20,049	-	20,049
Interest on pension liability (asset)	26,761	-	26,761
Projected investment return	-	25,806	(25,806)
Nonemployer contributions	-	28,511	(28,511)
(Gain)/loss	(13,599)	59,603	(73,202)
Benefit payments	(56,512)	(56,512)	-
Administrative expenses	-	(8,245)	8,245
Total Net Changes	(23,301)	49,163	(72,464)
Ending Balance December 31, 2019	\$ 450,315	\$ 516,095	\$ (65,780)

For the year ended December 31, 2020, the City recognized negative pension expense of \$(9,694).

At December 31, 2020, the City reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 12,362
Net Difference Between Projected and Actual Earnings on Plan Investments	-	24,845
Contributions to Plan Subsequent to the Measurement Date	29,267	-
Total	\$ 29,267	\$ 37,207

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

Deferred outflows of resources totaling \$29,267 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2021	\$	(7,676)
2022		(7,674)
2023		(1,287)
2024		(13,156)
2025		(1,237)
Thereafter		(6,177)

E. Actuarial Assumptions

The total pension liability at December 31, 2020 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 50 Percent of Age 50, 20 Percent at Ages 51-57 and 100 Percent thereafter	
Salary Increases	2.50% per year
Cost of Living Increases	4.00% per year
Investment Rate of Return	5.75%
20 Year Municipal Bond Yield	3.50%

There were no changes in actuarial assumptions in 2020.

F. Discount Rate

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (4.75%)</u>	<u>Current (5.75%)</u>	<u>1 Percent Increase (6.75%)</u>
Defined Benefit Plan	\$ (53,899)	\$ (65,780)	\$ (77,221)

H. Asset Allocation

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	55.0 %	7.60 %
Fixed Income	31.0	3.60
Other	1.0	6.00
Cash	<u>13.0</u>	2.10
Total	<u>100.0 %</u>	

I. Pension Plan Fiduciary Net Position

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

Note 6: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; 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. Contingent Liabilities

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. Joint Powers Agreement

The City and 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 accounted for in the City's Recreation Complex special revenue fund. The City's portion of expenditures for 2020 was \$43,907.

Note 6: Other Information (Continued)

D. Legal Debt Margin

The City's statutory debt limit is three percent of estimated market value of property within the City which is \$88,760,500. The City currently has no general obligation debt subject to the limit leaving a debt margin of \$2,662,815. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by statute.

E. Tax Increment Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

F. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2020 was \$937,333. This accounted for 35.4 percent of General fund revenues.

G. 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, 2015.

The City is one of 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.

City of Springfield
Notes to the Financial Statements
December 31, 2020

Note 7: Tax Abatements

As of December 31, 2020, the City has three current agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement in 2006 with a developer in which the developer incurred costs for the expansion of a local grocery store. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has an annual cap of \$3,000 and a maximum return to the developer of \$45,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration dated to 2020. The calculation of taxes abated during the year is not noted in the chart below as the abated taxes are payable within the City to the PUC.

The City entered into a tax abatement agreement in 2008 with a developer in which the developer incurred costs for the construction of an assisted living facility. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has an annual cap of \$9,000 and a maximum return to the developer of \$135,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration dated to 2022. The calculation of taxes abated during the year is noted in the chart below.

The City entered into a tax abatement agreement in 2015 with a developer in which the developer incurred costs for the construction of a storm water management pond. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has an annual cap of \$5,000 and a maximum return to the developer of \$50,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration dated to 2024. The calculation of taxes abated during the year is noted in the chart below.

	Amount of Taxes Abated During the Year
Tax Abatement Agreements	
St. Johns Lutheran Home	\$ 9,000
Clements Lumber	2,000
Schwartz Farms, Inc.	5,000
Total	\$ 16,000

Note 8: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City’s financial condition, liquidity, and future results of its revenue collections is uncertain.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Springfield
 Required Supplementary Information
 For the Year Ended December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2020	0.0152 %	\$ 911,309	\$ 27,978	\$ 939,287	\$ 1,004,586	90.7 %	79.0 %
6/30/2019	0.0143	790,615	24,499	815,114	1,045,350	75.6	80.2
6/30/2018	0.0148	821,043	26,957	848,000	996,465	82.4	79.5
6/30/2017	0.0150	957,590	12,004	969,594	963,341	99.4	75.9
6/30/2016	0.0152	1,234,165	16,120	1,250,285	941,747	131.1	68.9
6/30/2015	0.0156	808,473	-	808,473	914,020	88.5	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2020	\$ 79,873	\$ 79,873	\$ -	\$ 1,064,976	7.50 %
12/31/2019	77,428	77,428	-	1,032,378	7.50
12/31/2018	77,671	77,671	-	1,035,610	7.50
12/31/2017	73,516	73,516	-	980,217	7.50
12/31/2016	71,584	71,584	-	954,452	7.50
12/31/2015	71,007	71,007	-	946,760	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Springfield
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2020 - 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.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality 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.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. 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.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

City of Springfield
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

2018 - 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 not 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 - 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.

2016 - No changes noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Springfield
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2020	0.0288 %	\$ 379,615	\$ 8,950	\$ 388,565	\$ 300,545	126.3 %	87.2 %
6/30/2019	0.0260	276,796	-	276,796	286,798	96.5	89.3
6/30/2018	0.0273	290,990	-	290,990	287,737	101.1	88.8
6/30/2017	0.0260	351,031	-	351,031	270,710	129.7	85.4
6/30/2016	0.0270	1,083,557	-	1,083,557	262,523	412.7	63.9
6/30/2015	0.0240	272,696	-	272,696	221,969	122.9	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2020	\$ 55,394	\$ 55,394	\$ -	\$ 312,960	17.70 %
12/31/2019	51,484	51,484	-	303,740	16.95
12/31/2018	46,909	46,909	-	289,563	16.20
12/31/2017	44,960	44,960	-	277,530	16.20
12/31/2016	42,941	42,941	-	265,067	16.20
12/31/2015	38,769	38,769	-	239,315	16.20

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Springfield
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - 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 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 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 3.0 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 percent to 60 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 post-retirement 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 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 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.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Springfield
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund (Continued)

Changes in Plan Provisions

2020 - No changes noted.

2019 - No changes noted.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 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- 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.

2016 - No changes noted.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Springfield
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)
Total Pension Liability			
Service cost	\$ 20,049	\$ 19,560	\$ 19,083
Interest on pension liability (asset)	26,761	26,568	24,875
Gain (loss)	(13,599)	-	-
Benefit payments	(56,512)	(30,000)	-
Net Change in Total Pension Liability	(23,301)	16,128	43,958
Total Pension Liability - January 1	473,616	457,488	413,530
Total Pension Liability - December 31 (a)	<u>\$ 450,315</u>	<u>\$ 473,616</u>	<u>\$ 457,488</u>
Plan Fiduciary Net Position			
Nonemployer contributions	\$ 28,511	\$ 27,927	\$ 27,849
Projected investment return	25,806	28,844	25,177
Gain (loss)	59,603	(59,363)	31,953
Benefit payments	(56,512)	(30,000)	-
Administrative expenses	(8,245)	(6,305)	(6,185)
Net Change in Plan Fiduciary Net Position	49,163	(38,897)	78,794
Plan Fiduciary Net Position - January 1	466,932	505,829	427,035
Plan Fiduciary Net Position - December 31 (b)	<u>\$ 516,095</u>	<u>\$ 466,932</u>	<u>\$ 505,829</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	<u>\$ (65,780)</u>	<u>\$ 6,684</u>	<u>\$ (48,341)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	145.4%	98.6%	110.6%
Covered Payroll	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Springfield
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2020

Notes to the Required Supplementary Information – Fire Relief Association

Changes in Actuarial Assumptions

2020 - None.

2019 - None.

2018 - None.

Changes in Plan Provisions

2020 - None.

2019 - None.

2018 - None

Schedule of Employer’s Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/2020	\$ 28,511	\$ 28,511	\$ -
12/31/2019	27,927	27,927	-
12/31/2018	27,849	27,849	-

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Springfield, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2020

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 532,527	\$ 57,063	\$ 589,590
Receivables			
Accrued interest	1,305	-	1,305
Accounts	9,248	-	9,248
Notes, net of allowance	71,219	-	71,219
Special assessments	-	215,188	215,188
Advance from other funds	-	92,804	92,804
Prepaid items	4,505	-	4,505
	<u>4,505</u>	<u>-</u>	<u>4,505</u>
Total Assets	<u>\$ 618,804</u>	<u>\$ 365,055</u>	<u>\$ 983,859</u>
Liabilities			
Accounts payable	\$ 5,673	\$ 4,372	\$ 10,045
Due to other funds	1,005	-	1,005
Due to other governments	20	-	20
Accrued salaries payable	1,854	-	1,854
Compensated absences payable	1,713	-	1,713
Unearned revenue	12,590	-	12,590
	<u>12,590</u>	<u>-</u>	<u>12,590</u>
Total Liabilities	<u>22,855</u>	<u>4,372</u>	<u>27,227</u>
Deferred Inflows of Resources			
Unavailable revenue			
Special assessments	-	215,188	215,188
	<u>-</u>	<u>215,188</u>	<u>215,188</u>
Fund Balances			
Nonspendable			
Prepaid items	4,505	-	4,505
Restricted			
Future loans	135,370	-	135,370
Committed			
Capital projects	-	367,103	367,103
Assigned			
Library operations	22,140	-	22,140
Community center operations	433,934	-	433,934
Unassigned	-	(221,608)	(221,608)
	<u>-</u>	<u>(221,608)</u>	<u>(221,608)</u>
Total Fund Balances	<u>595,949</u>	<u>145,495</u>	<u>741,444</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 618,804</u>	<u>\$ 365,055</u>	<u>\$ 983,859</u>

City of Springfield, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 37,055	\$ -	\$ 37,055
Special assessments	-	2,755	2,755
Intergovernmental	25,093	2,500	27,593
Charges for services	67,186	-	67,186
Fines and forfeits	448	-	448
Investment earnings	10,659	1,318	11,977
Miscellaneous	48,436	945	49,381
Total Revenues	<u>188,877</u>	<u>7,518</u>	<u>196,395</u>
Expenditures			
Current			
Culture and recreation	205,480	-	205,480
Capital outlay			
General government	-	25,914	25,914
Public safety	-	10,506	10,506
Streets and highways	-	74,022	74,022
Culture and recreation	-	41,111	41,111
Total Expenditures	<u>205,480</u>	<u>151,553</u>	<u>357,033</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,603)</u>	<u>(144,035)</u>	<u>(160,638)</u>
Other Financing Sources (Uses)			
Transfers in	23,502	125,000	148,502
Transfers out	<u>(18,417)</u>	-	<u>(18,417)</u>
Total Other Financing Sources (Uses)	<u>5,085</u>	<u>125,000</u>	<u>130,085</u>
Net Change in Fund Balances	(11,518)	(19,035)	(30,553)
Fund Balances, January 1	<u>607,467</u>	<u>164,530</u>	<u>771,997</u>
Fund Balances, December 31	<u>\$ 595,949</u>	<u>\$ 145,495</u>	<u>\$ 741,444</u>

City of Springfield, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2020

	210	240	241
	Library Board	Small Cities Grant	Small Cities Grant II
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ 23,628	\$ -	\$ 29,564
Receivables			
Accrued interest	-	-	-
Accounts	-	-	-
Notes, net of allowance	-	-	10,052
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 23,628</u>	<u>\$ -</u>	<u>\$ 39,616</u>
Liabilities			
Accounts payable	\$ 1,468	\$ -	\$ -
Due to other funds	-	-	-
Due to other governments	20	-	-
Accrued salaries payable	-	-	-
Compensated absences payable	-	-	-
Unearned revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,488</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable			
Prepaid items	-	-	-
Restricted			
Future loans	-	-	39,616
Assigned			
Library operations	22,140	-	-
Community center operations	-	-	-
Total Fund Balances	<u>22,140</u>	<u>-</u>	<u>39,616</u>
Total Liabilities and Fund Balances	<u>\$ 23,628</u>	<u>\$ -</u>	<u>\$ 39,616</u>

242 2016 Small Cities Grant	278 Community Center	Total
\$ 34,587	\$ 444,748	\$ 532,527
-	1,305	1,305
-	9,248	9,248
61,167	-	71,219
-	4,505	4,505
<u>\$ 95,754</u>	<u>\$ 459,806</u>	<u>\$ 618,804</u>
\$ -	\$ 4,205	\$ 5,673
-	1,005	1,005
-	-	20
-	1,854	1,854
-	1,713	1,713
-	12,590	12,590
-	21,367	22,855
-	4,505	4,505
95,754	-	135,370
-	-	22,140
-	433,934	433,934
<u>95,754</u>	<u>438,439</u>	<u>595,949</u>
<u>\$ 95,754</u>	<u>\$ 459,806</u>	<u>\$ 618,804</u>

City of Springfield, Minnesota
 Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	210	240	241
	Library Board	Small Cities Grant	Small Cities Grant II
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes			
Franchise taxes	\$ -	\$ -	\$ -
Intergovernmental			
Federal	1,000	-	-
County	16,300	-	-
Charges for services			
Culture and recreation	1,550	-	-
Fines and forfeits	448	-	-
Investment earnings	58	313	299
Miscellaneous			
Contributions and donations	34,790	-	-
Other	-	-	630
Total Revenues	<u>54,146</u>	<u>313</u>	<u>929</u>
Expenditures			
Current			
Culture and recreation	<u>48,339</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,807</u>	<u>313</u>	<u>929</u>
Other Financing Sources (Uses)			
Transfers in	-	-	18,417
Transfers out	-	(18,417)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(18,417)</u>	<u>18,417</u>
Net Change in Fund Balances	5,807	(18,104)	19,346
Fund Balances, January 1	<u>16,333</u>	<u>18,104</u>	<u>20,270</u>
Fund Balances, December 31	<u>\$ 22,140</u>	<u>\$ -</u>	<u>\$ 39,616</u>

242 2016 Small Cities Grant	278 Community Center	Total
\$ -	\$ 37,055	\$ 37,055
-	7,793	8,793
-	-	16,300
-	65,636	67,186
-	-	448
1,641	8,348	10,659
-	8,260	43,050
2,960	1,796	5,386
<u>4,601</u>	<u>128,888</u>	<u>188,877</u>
-	157,141	205,480
<u>4,601</u>	<u>(28,253)</u>	<u>(16,603)</u>
-	5,085	23,502
-	-	(18,417)
<u>-</u>	<u>5,085</u>	<u>5,085</u>
4,601	(23,168)	(11,518)
<u>91,153</u>	<u>461,607</u>	<u>607,467</u>
<u>\$ 95,754</u>	<u>\$ 438,439</u>	<u>\$ 595,949</u>

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City of Springfield, Minnesota
Library Board Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	Final Budget	2020 Actual Amounts	Variance with Final Budget	2019 Actual Amounts
Revenues				
Intergovernmental				
Federal				
CARES	\$ -	\$ 1,000	\$ 1,000	\$ -
County library aid	16,400	16,300	(100)	16,360
Local aid	1,000	-	(1,000)	8,840
Charges for services				
Culture and recreation	2,450	1,550	(900)	2,461
Fines and forfeits	1,000	448	(552)	886
Investment earnings	100	58	(42)	178
Miscellaneous				
Contributions and donations	15,000	34,790	19,790	13,498
Total Revenues	35,950	54,146	18,196	42,223
Expenditures				
Current				
Culture and recreation				
Library				
Supplies	3,600	931	2,669	2,310
Other services and charges	58,330	47,408	10,922	52,786
Capital outlay				
Culture and recreation	5,000	-	5,000	-
Total Expenditures	66,930	48,339	18,591	55,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,980)	5,807	36,787	(12,873)
Other Financing Sources (Uses)				
Transfers in	30,980	-	(30,980)	-
Net Change in Fund Balances	-	5,807	5,807	(12,873)
Fund Balances, January 1	16,333	16,333	-	29,206
Fund Balances, December 31	<u>\$ 16,333</u>	<u>\$ 22,140</u>	<u>\$ 5,807</u>	<u>\$ 16,333</u>

City of Springfield, Minnesota
Recreation Complex Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	Final Budget	2020 Actual Amounts	Variance with Final Budget	2019 Actual Amounts
Revenues				
Intergovernmental				
Federal				
CARES	\$ -	\$ 269	\$ 269	\$ -
Investment earnings	-	313	313	2,810
Miscellaneous				
Contributions and donations	33,779	128,585	94,806	107,518
Other	-	1,125	1,125	4,753
Total Revenues	<u>33,779</u>	<u>130,292</u>	<u>96,513</u>	<u>115,081</u>
Expenditures				
Current				
Culture and recreation				
Park and recreation				
Personal services	9,855	14,069	(4,214)	9,468
Supplies	9,450	18,734	(9,284)	20,919
Other services and charges	28,203	59,383	(31,180)	148,980
Capital outlay				
Culture and recreation	5,350	313,498	(308,148)	201,551
Total Expenditures	<u>52,858</u>	<u>405,684</u>	<u>(352,826)</u>	<u>380,918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,079)	(275,392)	(256,313)	(265,837)
Other Financing Sources (Uses)				
Transfers in	<u>33,779</u>	<u>43,907</u>	<u>10,128</u>	<u>38,143</u>
Net Change in Fund Balances	14,700	(231,485)	(246,185)	(227,694)
Fund Balances, January 1	<u>178,266</u>	<u>178,266</u>	-	<u>405,960</u>
Fund Balances, December 31	<u>\$ 192,966</u>	<u>\$ (53,219)</u>	<u>\$ (246,185)</u>	<u>\$ 178,266</u>

City of Springfield, Minnesota
Community Center Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	Final Budget	2020 Actual Amounts	Variance with Final Budget	2019 Actual Amounts
Revenues				
Taxes				
Franchise fees	\$ 39,000	\$ 37,055	\$ (1,945)	\$ 39,775
Intergovernmental				
Federal				
CARES	-	7,793	7,793	-
Charges for services				
Culture and recreation	111,850	65,636	(46,214)	92,493
Investment earnings	5,000	8,348	3,348	8,516
Miscellaneous				
Contributions and donations	5,500	8,260	2,760	4,881
Other	750	1,796	1,046	1,601
Total Revenues	<u>162,100</u>	<u>128,888</u>	<u>(33,212)</u>	<u>147,266</u>
Expenditures				
Current				
Culture and recreation				
Community center				
Personal services	82,849	68,388	14,461	77,092
Supplies	15,850	6,438	9,412	13,938
Other services and charges	66,330	82,315	(15,985)	60,205
Total Expenditures	<u>165,029</u>	<u>157,141</u>	<u>7,888</u>	<u>151,235</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,929)	(28,253)	(25,324)	(3,969)
Other Financing Sources (Uses)				
Transfers in	<u>5,000</u>	<u>5,085</u>	<u>85</u>	<u>10,000</u>
Net Change in Fund Balances	2,071	(23,168)	(25,239)	6,031
Fund Balances, January 1	<u>461,607</u>	<u>461,607</u>	<u>-</u>	<u>455,576</u>
Fund Balances, December 31	<u>\$ 463,678</u>	<u>\$ 438,439</u>	<u>\$ (25,239)</u>	<u>\$ 461,607</u>

City of Springfield, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2020

	410 Park Improvement Project	411 Capital Improvement Projects	423 Central Street Project	Total Nonmajor
Assets				
Cash and temporary investments	\$ 48,842	\$ 318,261	\$ (310,040)	\$ 57,063
Receivables				
Special assessments	-	215,188	-	215,188
Due from other funds	-	-	92,804	92,804
 Total Assets	\$ 48,842	\$ 533,449	\$ (217,236)	\$ 365,055
 Liabilities				
Accounts payable	\$ -	\$ -	\$ 4,372	\$ 4,372
 Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	-	215,188	-	215,188
 Fund Balances				
Committed				
Capital projects	48,842	318,261	-	367,103
Unassigned	-	-	(221,608)	(221,608)
Total Fund Balances	48,842	318,261	(221,608)	145,495
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 48,842	\$ 533,449	\$ (217,236)	\$ 365,055

City of Springfield, Minnesota
 Nonmajor Capital Projects Funds
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020
 (With Comparative Totals for Year Ended December 31, 2019)

	410 Park Improvement Project	411 Capital Improvement Projects	423 Central Street Project	Total Nonmajor
Revenues				
Special assessments	\$ -	\$ 2,755	\$ -	\$ 2,755
Intergovernmental				
State	-	2,500	-	2,500
Investment earnings	246	1,072	-	1,318
Contributions and donations	-	945	-	945
Total Revenues	<u>246</u>	<u>7,272</u>	<u>-</u>	<u>7,518</u>
Expenditures				
Capital outlay				
General government	-	25,914	-	25,914
Public safety	-	10,506	-	10,506
Streets and highways	-	-	74,022	74,022
Culture and recreation	15,831	25,280	-	41,111
Total Expenditures	<u>15,831</u>	<u>61,700</u>	<u>74,022</u>	<u>151,553</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,585)	(54,428)	(74,022)	(144,035)
Other Financing Sources (Uses)				
Transfers in	<u>5,000</u>	<u>120,000</u>	<u>-</u>	<u>125,000</u>
Net Change in Fund Balances	(10,585)	65,572	(74,022)	(19,035)
Fund Balances, January 1	<u>59,427</u>	<u>252,689</u>	<u>(147,586)</u>	<u>164,530</u>
Fund Balances, December 31	<u>\$ 48,842</u>	<u>\$ 318,261</u>	<u>\$ (221,608)</u>	<u>\$ 145,495</u>

City of Springfield, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments	\$ 1,500,022	\$ 1,139,899
Receivables		
Accrued interest	504	398
Delinquent taxes	15,971	15,186
Accounts	3,757	6,274
Special assessments	21,613	35,735
Intergovernmental	34,066	257,302
Due from other funds	25	12
Advance to other fund	-	13,838
Inventories	214	993
Prepaid items	81,777	86,111
	\$ 1,657,949	\$ 1,555,748
Liabilities		
Accounts payable	\$ 61,365	\$ 35,127
Due to other funds	32,198	21,781
Due to other governments	2	1,525
Accrued salaries payable	27,328	20,802
Compensated absences payable	35,667	31,019
Unearned revenue	2,805	526
Total Liabilities	159,365	110,780
Deferred Inflows of Resources		
Unavailable revenue		
Property taxes	15,971	15,186
Special assessments	21,613	35,735
Intergovernmental	-	206,165
Total Deferred Inflows of Resources	37,584	257,086
Fund Balances		
Nonspendable		
Advance to other fund	-	13,838
Prepaid items	81,777	86,111
Restricted		
Banners	2,500	-
Assigned		
DARE program	11,115	10,957
Campground improvements	81,223	80,842
Unassigned	1,284,385	996,134
Total Fund Balances	1,461,000	1,187,882
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,657,949	\$ 1,555,748

City of Springfield, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued on the Following Pages)
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budget		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 871,279	\$ 871,279	\$ 887,171	\$ 15,892	\$ 851,327
Lodging tax	700	700	620	(80)	642
Total taxes	<u>871,979</u>	<u>871,979</u>	<u>887,791</u>	<u>15,812</u>	<u>851,969</u>
Special assessments	-	-	3,105	3,105	580
Licenses and permits					
Business	<u>9,550</u>	<u>9,550</u>	<u>5,145</u>	<u>(4,405)</u>	<u>9,775</u>
Intergovernmental					
Federal					
CARES	-	-	143,788	143,788	-
FEMA grant	-	-	160,984	160,984	82,752
Other grants	<u>1,500</u>	<u>1,500</u>	<u>23,044</u>	<u>21,544</u>	<u>8,447</u>
Total federal grants	<u>1,500</u>	<u>1,500</u>	<u>327,816</u>	<u>326,316</u>	<u>91,199</u>
State					
Local government aid	936,816	936,816	937,333	517	924,615
Property tax credits	599	599	599	-	591
Fire aid	28,000	28,000	29,267	1,267	26,511
Police aid	43,500	43,500	43,317	(183)	41,218
PERA aid	-	-	-	-	3,429
Other grants	<u>207,329</u>	<u>207,329</u>	<u>104,922</u>	<u>(102,407)</u>	<u>108,877</u>
Total state aid	<u>1,216,244</u>	<u>1,216,244</u>	<u>1,115,438</u>	<u>(100,806)</u>	<u>1,105,241</u>
Total intergovernmental	<u>1,217,744</u>	<u>1,217,744</u>	<u>1,443,254</u>	<u>225,510</u>	<u>1,196,440</u>
Charges for services					
General government	152,813	152,813	151,567	(1,246)	148,981
Public safety	39,490	39,490	45,874	6,384	34,233
Streets and highways	12,000	12,000	13,049	1,049	14,195
Culture and recreation	33,600	33,600	8	(33,592)	30,632
Airport	<u>45,016</u>	<u>45,016</u>	<u>40,678</u>	<u>(4,338)</u>	<u>43,137</u>
Total charges for services	<u>282,919</u>	<u>282,919</u>	<u>251,176</u>	<u>(31,743)</u>	<u>271,178</u>
Fines and forfeits	<u>5,500</u>	<u>5,500</u>	<u>2,671</u>	<u>(2,829)</u>	<u>4,274</u>
Investment earnings	<u>5,550</u>	<u>5,550</u>	<u>4,445</u>	<u>(1,105)</u>	<u>7,026</u>
Miscellaneous					
Refunds and reimbursements	-	-	18,930	18,930	4,233
Contributions and donations	7,785	7,785	26,354	18,569	17,227
Other	<u>6,150</u>	<u>6,150</u>	<u>8,248</u>	<u>2,098</u>	<u>6,641</u>
Total miscellaneous	<u>13,935</u>	<u>13,935</u>	<u>53,532</u>	<u>39,597</u>	<u>28,101</u>
Total Revenues	<u>2,407,177</u>	<u>2,407,177</u>	<u>2,651,119</u>	<u>243,942</u>	<u>2,369,343</u>

City of Springfield, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budget		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 19,025	\$ 19,025	\$ 19,938	\$ (913)	\$ 19,689
Other services and charges	45,990	45,990	44,186	1,804	41,486
Total Mayor and Council	<u>65,015</u>	<u>65,015</u>	<u>64,124</u>	<u>891</u>	<u>61,175</u>
Administration/clerk					
Personal services	361,732	361,732	369,044	(7,312)	328,280
Supplies	7,425	7,425	6,506	919	6,620
Other services and charges	32,554	32,554	29,665	2,889	37,259
Total administration/clerk	<u>401,711</u>	<u>401,711</u>	<u>405,215</u>	<u>(3,504)</u>	<u>372,159</u>
Elections					
Personal services	8,003	8,003	8,396	(393)	-
Supplies	15	15	9	6	-
Other services and charges	1,200	1,200	1,449	(249)	11
Total elections	<u>9,218</u>	<u>9,218</u>	<u>9,854</u>	<u>(636)</u>	<u>11</u>
Treasurer					
Other services and charges	<u>2,000</u>	<u>2,000</u>	<u>1,833</u>	<u>167</u>	<u>2,000</u>
Auditing					
Other services and charges	<u>18,000</u>	<u>18,000</u>	<u>17,364</u>	<u>636</u>	<u>16,639</u>
Assessor					
Other services and charges	<u>19,931</u>	<u>19,931</u>	<u>19,931</u>	<u>-</u>	<u>19,445</u>
Legal					
Other services and charges	<u>34,000</u>	<u>34,000</u>	<u>33,598</u>	<u>402</u>	<u>33,233</u>
Planning and zoning					
Other services and charges	<u>175</u>	<u>175</u>	<u>72</u>	<u>103</u>	<u>21</u>
Municipal building					
Other services and charges	<u>16,000</u>	<u>16,000</u>	<u>33,843</u>	<u>(17,843)</u>	<u>2,123</u>
Total General Government	<u>566,050</u>	<u>566,050</u>	<u>585,834</u>	<u>(19,784)</u>	<u>506,806</u>

City of Springfield, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budget		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personal services	\$ 450,185	\$ 450,185	\$ 450,270	\$ (85)	\$ 449,748
Supplies	16,650	16,650	15,389	1,261	17,595
Other services and charges	46,829	46,829	51,931	(5,102)	51,473
Total police	<u>513,664</u>	<u>513,664</u>	<u>517,590</u>	<u>(3,926)</u>	<u>518,816</u>
Fire					
Personal services	62,980	62,980	64,462	(1,482)	55,598
Supplies	5,350	5,350	6,996	(1,646)	3,396
Other services and charges	31,177	31,177	33,872	(2,695)	26,462
Total fire	<u>99,507</u>	<u>99,507</u>	<u>105,330</u>	<u>(5,823)</u>	<u>85,456</u>
Civil defense					
Supplies	500	500	1,987	(1,487)	40
Other services and charges	5,385	5,385	87,857	(82,472)	77,075
Total civil defense	<u>5,885</u>	<u>5,885</u>	<u>89,844</u>	<u>(83,959)</u>	<u>77,115</u>
Animal control					
Personal services	1,152	1,152	188	964	753
Supplies	400	400	497	(97)	317
Other services and charges	4,180	4,180	3,775	405	4,123
Total animal control	<u>5,732</u>	<u>5,732</u>	<u>4,460</u>	<u>1,272</u>	<u>5,193</u>
Total Public Safety	<u>624,788</u>	<u>624,788</u>	<u>717,224</u>	<u>(92,436)</u>	<u>686,580</u>
Streets and highways					
Personal services	115,325	115,325	100,470	14,855	102,923
Supplies	44,350	44,350	38,552	5,798	56,217
Other services and charges	173,752	173,752	198,385	(24,633)	202,794
Total streets and highways	<u>333,427</u>	<u>333,427</u>	<u>337,407</u>	<u>(3,980)</u>	<u>361,934</u>

City of Springfield, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budget		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Swimming pool					
Personal services	\$ 57,971	\$ 57,971	\$ 2,779	\$ 55,192	\$ 55,857
Supplies	10,700	10,700	369	10,331	6,975
Other services and charges	39,521	39,521	21,554	17,967	37,070
Total swimming pool	<u>108,192</u>	<u>108,192</u>	<u>24,702</u>	<u>83,490</u>	<u>99,902</u>
Parks and recreation					
Personal services	123,893	123,893	107,387	16,506	114,347
Supplies	7,750	7,750	20,167	(12,417)	14,204
Other services and charges	21,787	21,787	49,457	(27,670)	39,589
Total parks and recreation	<u>153,430</u>	<u>153,430</u>	<u>177,011</u>	<u>(23,581)</u>	<u>168,140</u>
Campground					
Supplies	900	900	2,513	(1,613)	1,624
Other services and charges	9,426	9,426	7,430	1,996	11,565
Total campground	<u>10,326</u>	<u>10,326</u>	<u>9,943</u>	<u>383</u>	<u>13,189</u>
Library					
Personal services	142,096	142,096	130,648	11,448	135,783
Other services and charges	36,346	36,346	29,708	6,638	33,837
Total library	<u>178,442</u>	<u>178,442</u>	<u>160,356</u>	<u>18,086</u>	<u>169,620</u>
Total Culture and Recreation	<u>450,390</u>	<u>450,390</u>	<u>372,012</u>	<u>78,378</u>	<u>450,851</u>
Miscellaneous					
Special projects					
Other services and charges	74,183	74,183	72,257	1,926	70,371
Airport					
Personal services	3,315	3,315	3,436	(121)	7,051
Other services and charges	228,270	228,270	94,052	134,218	72,024
Total airport	<u>231,585</u>	<u>231,585</u>	<u>97,488</u>	<u>134,097</u>	<u>79,075</u>
Total Miscellaneous	<u>305,768</u>	<u>305,768</u>	<u>169,745</u>	<u>136,023</u>	<u>149,446</u>
Total Current	<u>2,280,423</u>	<u>2,280,423</u>	<u>2,182,222</u>	<u>98,201</u>	<u>2,155,617</u>

City of Springfield, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budget		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
Public safety	\$ -	\$ -	\$ 3,486	\$ (3,486)	\$ 1,060
Culture and recreation	-	-	52,416	(52,416)	33,181
Miscellaneous	-	-	240	(240)	-
Total Capital Outlay	-	-	56,142	(56,142)	34,241
Debt service					
Interest and other costs	435	435	645	(210)	435
Total Expenditures	2,280,858	2,280,858	2,239,009	41,849	2,190,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	126,319	126,319	412,110	285,791	179,050
Other Financing Sources (Uses)					
Transfers in	37,460	37,460	35,000	(2,460)	35,000
Transfers out	(163,779)	(163,779)	(173,992)	(10,213)	(172,338)
Total Other Financing Sources (Uses)	(126,319)	(126,319)	(138,992)	(12,673)	(137,338)
Net Change in Fund Balances	-	-	273,118	273,118	41,712
Fund Balances, January 1	1,187,882	1,187,882	1,187,882	-	1,146,170
Fund Balances, December 31	\$ 1,187,882	\$ 1,187,882	\$ 1,461,000	\$ 273,118	\$ 1,187,882

City of Springfield, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2020

	377	378	321	323
	TIF District 1 - 2	TIF District 1 - 4	2015A G.O. Improvement Bonds	2018A G.O. Improvement Bonds
Assets				
Cash and temporary investments	\$ -	\$ -	\$ 251,335	\$ 299,701
Receivables				
Notes	-	130,513	-	-
Special assessments	-	-	290,184	192,421
Intergovernmental	-	-	-	-
Advance to other funds	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 130,513</u>	<u>\$ 541,519</u>	<u>\$ 492,122</u>
Liabilities				
Advance from other funds	\$ -	\$ 130,513	\$ -	\$ -
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	-	-	290,184	192,421
Fund Balances				
Restricted				
Debt service	-	-	251,335	299,701
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 130,513</u>	<u>\$ 541,519</u>	<u>\$ 492,122</u>

325 2013A (2006A) G.O. Improvement Crossover Refunding Bonds	327 2010A G.O. Bonds	328 2012A Tax Abatement Bonds	Total
\$ 20,905	\$ 109,703	\$ 50,612	\$ 732,256
-	-	-	130,513
-	16,026	-	498,631
-	916	-	916
-	-	20,000	20,000
<u>\$ 20,905</u>	<u>\$ 126,645</u>	<u>\$ 70,612</u>	<u>\$ 1,382,316</u>
\$ -	\$ -	\$ -	\$ 130,513
-	16,026	-	498,631
<u>20,905</u>	<u>110,619</u>	<u>70,612</u>	<u>753,172</u>
<u>\$ 20,905</u>	<u>\$ 126,645</u>	<u>\$ 70,612</u>	<u>\$ 1,382,316</u>

City of Springfield, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2020

	377	378	321	323
	TIF District 1 - 2	TIF District 1 - 4	2015A G.O. Improvement Bonds	2018A G.O. Improvement Bonds
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ 76,643	\$ 51,613
Tax increments	11,516	13,829	-	-
Special assessments	-	-	59,826	47,003
Investment earnings	8	-	1,327	1,388
Refunds and reimbursements	-	3,171	-	-
Miscellaneous	2,947	-	-	-
Total Revenues	<u>14,471</u>	<u>17,000</u>	<u>137,796</u>	<u>100,004</u>
Expenditures				
Current				
Housing and economic development	648	17,000	-	-
Debt service				
Principal	-	-	123,787	62,600
Interest and other costs	-	-	29,068	32,733
Total Expenditures	<u>648</u>	<u>17,000</u>	<u>152,855</u>	<u>95,333</u>
Net Change in Fund Balances	13,823	-	(15,059)	4,671
Fund Balances, January 1	<u>(13,823)</u>	<u>-</u>	<u>266,394</u>	<u>295,030</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,335</u>	<u>\$ 299,701</u>

325 2013A (2006A) G.O. Improvement Crossover Refunding Bonds	327 2010A G.O. Bonds	328 2012A Tax Abatement Bonds	Total
\$ 153,036	\$ 48,358	\$ -	\$ 329,650
-	-	-	25,345
1,939	44,981	31,786	185,535
249	606	229	3,807
-	-	-	3,171
-	-	-	2,947
<u>155,224</u>	<u>93,945</u>	<u>32,015</u>	<u>550,455</u>
-	-	-	17,648
160,000	85,000	50,000	481,387
6,122	21,605	3,910	93,438
<u>166,122</u>	<u>106,605</u>	<u>53,910</u>	<u>592,473</u>
(10,898)	(12,660)	(21,895)	(42,018)
<u>31,803</u>	<u>123,279</u>	<u>92,507</u>	<u>795,190</u>
<u>\$ 20,905</u>	<u>\$ 110,619</u>	<u>\$ 70,612</u>	<u>\$ 753,172</u>

City of Springfield, Minnesota
Discretely Presented Component Unit
Economic Development Authority
Balance Sheet
December 31, 2020

Assets	
Cash and temporary investments	\$ 114,088
Receivables	
Notes, net of allowances	144,124
Due from primary government	135,000
Prepaid items	<u>189</u>
Total Assets	<u><u>\$ 393,401</u></u>
Liabilities	
Accounts payable	<u>\$ 165</u>
Fund Balances	
Nonspendable	
Prepaid items	189
Committed	
Economic development loans	144,124
Assigned	
Economic development	<u>248,923</u>
Total Fund Balances	<u><u>393,236</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 393,401</u></u>
Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	\$ 393,236
Amounts reported for governmental activities in the statement of net position are different because Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
	<u>189,913</u>
Total Net Position - Governmental Activities	<u><u>\$ 583,149</u></u>

City of Springfield, Minnesota
 Discretely Presented Component Units
 Economic Development Authority
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2020

Revenues	
Charges for services	\$ 1,800
Investment earnings	1,134
Miscellaneous	404,493
Total Revenues	407,427
Expenditures	
Current	
Housing and economic development	412,242
Net Change in Fund Balances	(4,815)
Fund Balances, January 1	398,051
Fund Balances, December 31	\$ 393,236

No differences between net change in fund balance - governmental funds and net change in net position - governmental activities during the current year.

City of Springfield, Minnesota
 Summary Financial Report
 Revenues and Expenditures for General Operations -
 Governmental Funds
 For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 1,279,841	\$ 1,217,710	5.10 %
Special assessments	191,395	291,559	(34.35)
Licenses and permits	5,145	9,775	(47.37)
Intergovernmental	1,472,121	1,473,445	(0.09)
Charges for services	423,212	309,709	36.65
Fines and forfeits	3,119	5,160	(39.55)
Investment earnings	24,594	28,932	(14.99)
Miscellaneous	1,552,667	220,382	604.53
Total Revenues	\$ 4,952,094	\$ 3,556,672	39.23 %
Per Capita	\$ 2,431	\$ 1,734	40.19 %
Expenditures			
Current			
General government	\$ 585,834	\$ 506,806	15.59 %
Public safety	717,224	686,580	4.46
Streets and highways	337,407	361,934	(6.78)
Culture and recreation	669,678	836,549	(19.95)
Housing and economic development	17,648	224,974	(92.16)
Health and welfare	220,239	-	100.00
Miscellaneous	169,745	149,446	13.58
Capital outlay			
General government	25,914	-	N/A
Public safety	13,992	45,460	(69.22)
Streets and highways	74,022	295,676	(74.97)
Culture and recreation	407,025	234,732	73.40
Housing and economic development	-	1,378	(100.00)
Miscellaneous	240	-	N/A
Debt service			
Principal	481,387	453,338	6.19
Interest and other charges	94,083	119,479	(21.26)
Total Expenditures	\$ 3,814,438	\$ 3,916,352	(2.60) %
Per Capita	\$ 1,873	\$ 1,909	(1.93) %
Total Long-term Indebtedness	\$ 2,912,769	\$ 3,398,658	(14.30) %
Per Capita	1,430	1,657	(13.71)
General Fund Balance - December 31	\$ 1,461,000	\$ 1,187,882	22.99 %
Per Capita	717	579	23.84

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 City Hall, 2 E Central St., Springfield, Minnesota 56087. Questions about this report should be directed to Amy Vogel, City Clerk at (507) 723-3500.

OTHER REQUIRED REPORTS

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of 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 the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Springfield, Minnesota (the City) as of and for the year ended December 31, 2020, 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 10, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, except as described in the Schedule of Findings and Responses as item 2020-001. 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's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 10, 2021



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

Honorable Mayor and City Council
City of 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, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Springfield, Minnesota (the City), as of and for the year ended December 31, 2020, 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 10, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

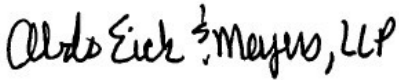
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as item 2020-001.

The City's Response to the Finding

The City's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 10, 2021

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City of Springfield, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2020

2020-001

Responsible Contractor

Condition: Auditing for legal compliance requires a review of the City's contracting and bidding. Our study indicated an instance of noncompliance that we believe is required to be remedied.

Criteria: Minnesota statute §16C.285 Subd. 3 requires contractors doing public work to verify the minimum criteria for a "responsible contractor" as set forth in the statute if the contract exceeds \$50,000.

Cause: We noted one contract where the City was not able to provide evidence that appropriate documentation was received.

Effect: As a result, the City is not in compliance with the statute.

Recommendation: We recommend the City review the statute and obtain such documentation on future contracts

Management Response:

Management will ensure contractor's doing work for the City with contracts over \$50,000 include all necessary documentation to ensure compliance in 2021.